

2002 PLAN AND BUDGET SUMMARY

CITY OF MILWAUKEE

STATE OF WISCONSIN

Department of Administration
Budget and Management Division

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GUIDE TO BUDGET DOCUMENTS

PLAN AND BUDGET SUMMARY

A document containing an overview of economic conditions in Milwaukee; a fiscal summary of the 2002 budget; an economic forecast for Milwaukee; detailed narrative descriptions of each department's mission, objectives, outcome measures and related activities; and a summary of appropriations by expenditure category. This document is printed annually in proposed and final form as follows: the *Proposed Plan and Executive Budget Summary* contains the Mayor's Executive Budget as presented to the Common Council for review. The *Plan and Budget Summary* contains the budget as adopted by the Common Council.

BUDGET

The official City of Milwaukee line-item budget. It provides a listing of all appropriation accounts by department. It is published after final budget adoption.

SIX-YEAR CAPITAL PLAN

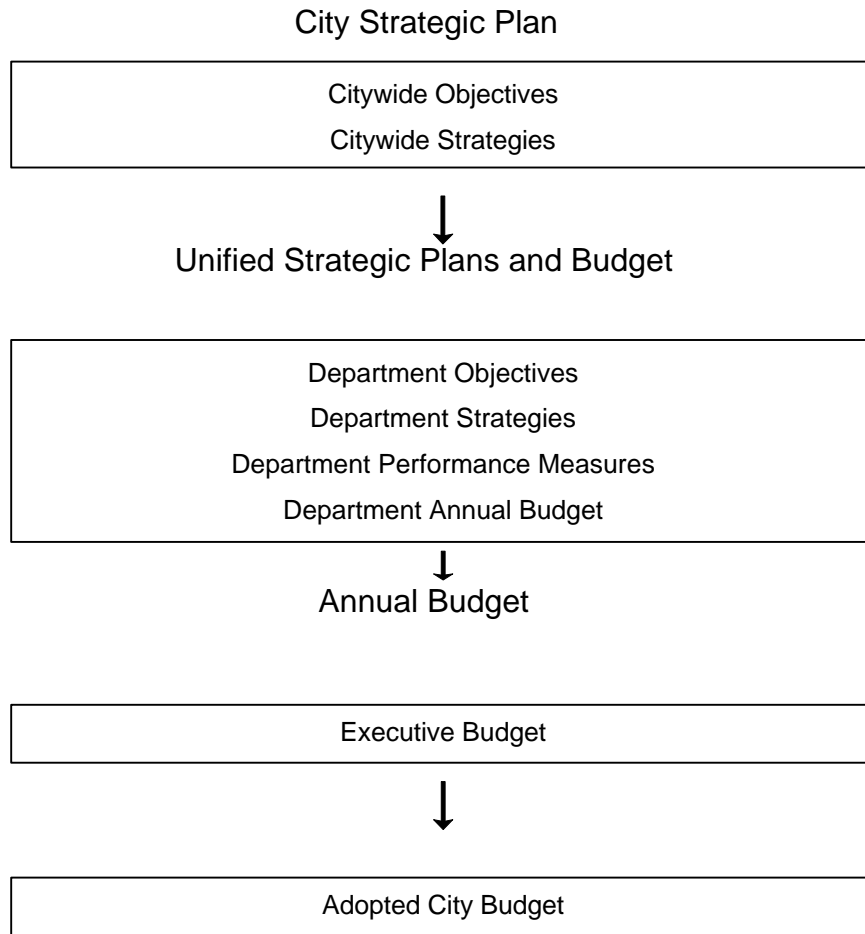
A presentation of the city's six-year capital program. It includes details on planning, financing, infrastructure, and urban development undertakings involved in the capital plan. It is published the spring following budget adoption.

To obtain copies of the:
Proposed Plan and Executive Budget Summary,
Plan and Budget Summary,
Budget, or
Six-Year Capital Plan

Contact:
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Visit the Budget and Management Home Page at:
www.ci.mil.wi.us/citygov/doa/bmd/bmd.htm

BUDGET AND PLANNING PROCESS



CALENDAR DATE	ACTIVITY
January - March	Departments Prepare Plans, Objectives, and Performance Measures
March 19	Departments Receive Budget Materials
May 8*	Plans and Budget Requests Due
June 19, 20 and 21	Mayor's Public Hearings on Plans and Budgets
July - September	Mayor's Executive Plan and Budget Review
September 28**	Plan and Budget Submitted to Common Council
October 5 - 20	Legislative Hearings
November 1 and 2	Finance and Personnel Committee Budget Amendment Days
November 9***	Common Council Action on Budget
* Second Tuesday in May	
** Legal Deadline September 28	
*** Legal Deadline November 14	

ELECTED OFFICIALS

MAYOR.....John O. Norquist
CITY ATTORNEY Grant F. Langley
CITY COMPTROLLER.....W. Martin Morics
CITY TREASURERWayne F. Whittow

COMMON COUNCIL

PRESIDENTMarvin E. Pratt

DISTRICT

ALDERPERSON

FIRST	Marvin E. Pratt
SECOND	Terrance Herron
THIRD	Michael S. D'Amato
FOURTH	Paul A. Henningsen
FIFTH.....	James A. Bohl, Jr.
SIXTH	Marlene E. Johnson-Odom
SEVENTH	Frederick G. Gordon
EIGHTH	Robert G. Donovan
NINTH	Donald F. Richards
TENTH	Rosa Cameron
ELEVENTH.....	Annette E. Scherbert
TWELFTH.....	Angel Sanchez
THIRTEENTH	Jeffrey A. Pawlinski
FOURTEENTH.....	Suzanne M. Breier
FIFTEENTH	Thomas G. Nardelli
SIXTEENTH.....	Michael J. Murphy
SEVENTEENTH.....	Willie L. Hines, Jr.

MUNICIPAL JUDGES

BRANCH 1..... Vincent Bobot
PRESIDING JUDGE, BRANCH 2 Louis B. Butler, Jr.
BRANCH 3..... James A. Gramling, Jr.

John O. Norquist
Mayor
City of Milwaukee



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September 25, 2001
Budget Transmittal Statement
From Milwaukee Mayor John O. Norquist

The tragic events of September 2001 presented enormous challenges to us as a nation and a city. Our prayers and our resources have reached out to those struggling to rebuild in New York and Washington.

But we also know that we have a responsibility to this community. We have duties to perform here at home. Milwaukee has responded with an increased focus on preparedness and providing essential services to our citizens.-

We have police officers and fire fighters who are fighting crime and saving lives in our community.

We have officials in our Health Department who have been working for years to prepare for potential biological or chemical attacks. Water Works Director Carrie Lewis is one of ten utility executives working closely with the federal government on plans to protect drinking water operations nationwide.

There are employees among us - reservists - who have been and continue to be called to perform military duty, defending our country against terrorism. These reservists show great courage in their readiness to protect us and we've arranged to provide funds to keep their health insurance in force as reservists get called up.

We press on because our work matters. We deliver services that are vital to our residents. The city budget has a major impact on our local economy.

It's clear that recent trends favor Milwaukee in ways we haven't seen in years.

We're capitalizing on these trends as recognized in this month's *Governing Magazine*, which cited us as leading a generation of city administrations that run 'city government efficiently and with a broad public in mind, rather than using it to broker the demands of competing [interest] groups'.

Things are happening that previously seemed impossible.

- ✍ Thousands of people are choosing urban life in Milwaukee. It's in the newspaper's Real Estate section - young professionals, empty nesters and foreign transferees brought here by the global economy prefer living in the City of Milwaukee.
- ✍ We're seeing a housing boom in Downtown and retail investment in the Central City - on King Drive, at 35th and North and at Capitol Court. It's happening because city markets are attractive - with more buying power per square mile than the suburbs.
- ✍ In 2000, property value in Milwaukee appreciated faster than in Brookfield, Mequon and other suburbs. That reflects demand. Milwaukee is a better buy right now. And the improvement is occurring in every aldermanic district - from the Central City to the far Northwest Side.
- ✍ And most encouraging, residents in areas once known for welfare dependence and joblessness are joining the workforce. According to UWM researchers John Pawasarat and Lois Quinn, nearly 10,000 more people in our 9 inner-city zip codes are working and filing income taxes than in 1993. That's a 12% growth in the workforce in just 7 years. Incomes in the Central city are rising at twice the rate of inflation.

These are good trends for our community. But we face challenges in operating city government.

Milwaukee municipal government has held down spending. Our spending grew 2.9% per year between 1994 and 2001 - a lower rate than the federal, state and county governments and almost any local government in Wisconsin. Spending growth in this budget is 2.2%.

Unfortunately, over the same period, state spending on its operations has ballooned by 4.7% per year - 62% faster than our budget.

To pay for this overspending, state lawmakers have put the squeeze on local governments. They've starved the shared revenue program that has helped Milwaukee and other Wisconsin communities since 1911. The revenue helps communities afford high-quality services for everyone - including the poor.

First, the state froze shared revenue for seven years. Then this year it finally authorized an increase of 1%. If only our costs - many mandated by the state - would grow at 1%.

The state compounds the problem by removing more property from the local tax rolls - most recently ATMs, computers and fax machines. This shifts the burden to residential taxpayers.

Unfortunately, thanks to the state squeeze on our revenue sources, our 2.2 increase in spending will result in a 3.7% increase in the property tax rate, plus fee increases. It's a structural problem that we need to address.

With the State of Wisconsin's recent bond rating downgrade and with the terrorist attacks casting a shadow on the economy, it's more important than ever that we pursue sound budgeting at the local level. We need to continue controlling spending and broadening our revenue base.

Here's how Milwaukee is working to build better revenue sources.

✍ We're working to make state aid more reliable.

This year, Wisconsin cities worked together to win the first increase in state shared revenue in seven years. The 1% increase meant an additional \$14.2 million in revenue for the city. With continued work, it could be the foundation for strengthening our partnership with the state. I thank our Intergovernmental Affairs Director Pat Curley and Joe Greco, Village President of Menomonee Falls, and Paul Jaden, Mayor of Green Bay for their effective organizing efforts.

✍ We're also working to find better alternatives to the property tax.

While congratulating us for our success in controlling spending, the Kettl Commission acknowledged that our costs naturally grow faster than the ability of the property tax to pay for them.

The state's habit of exempting the property of certain businesses puts an additional strain on other property taxpayers - especially homeowners who are never exempted. The increasing amount of property in Milwaukee used by hospitals, clinics, social service providers and other non-profit groups doesn't help either.

Hospitals passed on a big cost increase to the city this year - pushing our employee health care costs up 20% - but hospitals pay nothing to have their streets cleared of snow. They pay nothing for police and fire protection. Homeowners pick up that cost along with the cost of most other municipal services.

The Kettl Commission recommended new revenue sources. The Governor originally included them in his budget. Both Houses of the legislature passed them. Then the Governor vetoed his own proposal.

Though our options are therefore limited, it's still important to broaden our revenue. So this budget introduces one fee that doesn't require state authority - a snow removal fee. It's charged to everyone who benefits from the service - businesses, non-profits and residence owners. A health-care facility with a larger street frontage pays more than a homeowner with a small lot. The average property owner will pay \$12/year.

This fee is an added cost - just as the 16 fees that the state raised this year are costs borne by residents of this state. But the choice here is between this fee and additional property taxes. And a fee has advantages. It shares the burden among all those who

benefit from a service, including tax-exempt property. It thus provides some tax relief for homeowners.

✍ We're extending our tax dollars with creative partnerships.

The public Library led the way in creating the Library Foundation, which this year will help the Library maintain its book budget. Instead of reducing purchases, acquisitions continue at a healthy pace without straining our city budget.

A similar partnership allowed us to upgrade our city web site at practically no cost to taxpayers. Our new home page feeds users directly to the most requested services. A web firm, Compuware, designed it in exchange for a small sponsorship message on our home page.

And we finally have a real lease with Summerfest. It secures the future of the festivals, opens up the shoreline for year-round public access and compensates the city for the many services it provides towards making all the festivals successful.

✍ We must also continue to focus on cutting costs, especially employee health care costs.

All employers are absorbing big cost increases from health care providers. Our costs have grown slower than most, but 20% is still a big number.

This budget raises the monthly premium so management employees enrolled in the basic plan pay for the extra costs over and above the low-cost HMO. The cost to employees will be \$100 per month for singles and \$190 for families.

We've invited our largest employee union, AFSCME, to join me in a task force to find ways that we can collaborate in making health care coverage less expensive and higher quality in the future.

Few big American cities, if any, have seen as dramatic a drop in their welfare rolls - and as large and rapid a movement of the poor into jobs in the private sector economy - as Milwaukee.

This budget helps us build on this success.

Now that people are getting jobs, the next step is building incomes. In late December 2001 I launched a citywide effort to get every eligible worker in Milwaukee to claim earned income tax credits.

These state and federal credits put money in the pockets of families who are working hard and striving to rise out of poverty. But thousands of people in Milwaukee aren't claiming the federal and state credits. Residents of Milwaukee County - most of them in the city - are missing out on \$27 million in credits.

Getting this money in people's pockets will benefit more than simply workers. It will benefit the workers' children. It will benefit the local grocery store, the nearby hardware store, and the pharmacy around the corner. An effective EITC campaign is good for the whole community. And we won't let up until poverty is on the run in Milwaukee.

I look forward to working with the Milwaukee Asset Building Coalition, including Deborah Blanks of SDC, Legacy Bank, the Casey Foundation, Congressman Kleczka, the IRS and numerous community partners.

This budget moves the city forward in other important ways:

- ✍ It takes a cost-conscious and crime-conscious approach to staffing. While we've again reduced the size of the city workforce outside the police department, this budget creates positions for 21 more Officers on the street. Also, for the second straight year, we'll run three recruit classes, which is close to the capacity of the training facility.
- ✍ This budget uses technology to attack crime. Last year, we were the second city in the country selected for a prestigious COMPASS grant from the U.S. Justice Department. Over the next year, the grant will help us build our Map Milwaukee site into a crime-fighting tool. Rutgers University Professor Lyna Wiggins has said Map Milwaukee is one of the best sites in the country in using maps to share useful neighborhood data with citizens. Now Compass adds valuable crime information to the mix, which will help citizens act as eyes and ears for the police.
- ✍ And the budget creates a Technology Innovation Fund. Departments will use it to pursue projects that allow them to work more efficiently, which translates into saving for taxpayers.
- ✍ With this budget, we're committing to a major equipment replacement program that ensures us of a modern fleet of snowplows and street equipment.
- ✍ We'll fund our very successful targeted neighborhood clean-ups. As a pilot project in last year's budget, the clean-ups in each aldermanic district helped collect a million pounds of bulky items that might otherwise have ended up cluttering alleys and side yards.
- ✍ In 2002, we'll be more aggressive than ever in using the purchasing power data that we created exclusively with UWM researchers to promote our local economy and counteract stereotypes used by commercial real estate consultants. We've created profiles for 33 of 53 commercial districts, showing how the purchasing power in the surrounding areas rivals or beats that of suburban areas. By next year, we'll have profiles for all 53 districts up on the web.

These policies all have something in common. They work to build wealth in our community. They build markets and help neighborhoods support themselves. They achieve maximum impact without driving up city spending.

Milwaukee's Visitor and Convention Bureau calls Milwaukee the Genuine American City. We all know that's an image-building effort, but you know what? It's true. Milwaukee is where America is going with our diverse population, our diverse, market-based economy and a city that celebrates its urban culture. Good municipal services delivered efficiently are vital to our community's success. Let's work together over the next six weeks to enhance that success.

Thank you,

A handwritten signature in black ink, appearing to read "John O. Norquist". The signature is fluid and cursive, with a large loop at the beginning and a stylized end.

John O. Norquist
Mayor

FREDRICK G. GORDON

ALDERMAN, 7TH DISTRICT

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CHAIRMAN:
FINANCE & PERSONNEL COMMITTEE

VICE CHAIRMAN:
STEERING & RULES COMMITTEE

MEMBER:
JUDICIARY & LEGISLATION COMMITTEE
WISCONSIN CENTER DISTRICT BOARD
REDEVELOPMENT AUTHORITY
PRIVATE INDUSTRY COUNCIL
LIBRARY BOARD

FINANCE & PERSONNEL COMMITTEE REPORT ON THE 2002 ADOPTED CITY BUDGET

Each year, the Finance & Personnel Committee reviews the Mayor's Proposed Executive Budget for the City of Milwaukee, and submits its recommended amendments to the Common Council. On November 9, 2001, the Council adopted a 2002 City Budget.

September 11, 2001 is a date forever etched into the heart of America. During the weeks following that infamous day of terrorism, the Finance & Personnel Committee went into overdrive to focus its attention on delivering a balanced budget to the Common Council for its consideration. I wish to thank Vice-Chair Ald. Suzanne Breier and my other colleagues on the Finance Committee, Ald. Paul Henningsen, Ald. Michael D'Amato and Ald. Willie Hines, for their selflessness and willingness to remain open to all fiscal options. In a sense, the Finance Committee performed a *triage*: ensuring the continuation of City services, improving the quality of life in neighborhoods citywide, and positioning the City of Milwaukee for future financial growth and security.

Without exception, every autumn is marked by a City budget review process rife with its own particular challenges and opportunities. The Mayor's 2002 Proposed Budget included an increase in the Solid Waste Fee from \$44 to \$75; a new Street Lighting Fee calculated per linear foot of frontage and applicable to all types of properties; an increase in the Sewer Maintenance Fee to reflect the shifting of certain costs related to street sweeping and leaf pick-up from the property tax levy; and a \$10.88 property tax rate, an increase of 39 cents from the 2001 rate of \$10.49. The Common Council's actions ultimately produced a 2002 tax rate of \$10.87, an increase of 37 cents from the 2001 rate but one cent less than the Mayor's proposed rate.

The Common Council consciously chose a *mix* of budget reductions in personnel, equipment and capital improvement expenditures, *coupled* with increases in current user fees, *plus* creation of a new user fee, to maintain the City's bond rating and to position the City for a financially secure future. The



Common Council approved the Mayor's proposed increase in the Solid Waste Fee from \$44 to \$75 for waste collection from residential properties of 1-4 units, but eliminated the Mayor's proposed Street Lighting Fee. The Finance Committee had considered a Vehicle Registration Fee ("Wheel Tax") during its budget deliberations, but the Council rejected this concept. Instead, the Council chose to implement a new Snow & Ice Removal Fee, to be charged to all properties including tax-exempt. This new fee is expected to generate \$3 million in 2002. The average annual Snow & Ice Removal Fee for a typical single family home will be \$12.23, collected on the quarterly City Service Bill (formerly known as the Water Bill).

User fees like this broaden the City's revenue stream, and remove costs from the tax levy and place them on those who benefit most directly. Since more than 1/3 of the property in the City of Milwaukee is tax-exempt, user fees are an important tool for ensuring that such properties pay at least a portion of their fair share of costs related to basic City services.

The Council approved the shifting of certain costs related to Street Sweeping & Leaf Pick-Up to the Sewer Maintenance Fee, an increase of approximately \$23.11 annually for the typical single family home, from \$54.89 in 2001 to \$78.00 in 2002, to recover \$3.8 million in costs. This fee increase, too, will be borne by tax-exempt properties.

Among various initiatives in the Mayor's 2002 Proposed Budget, the Council approved:

- ❖ Reorganization of 3 divisions within the Department of Public Works (Sanitation, Forestry and Buildings & Fleet) to create a new Operations Division. This change allows for consolidation of 5 equipment driver titles affecting more than 300 positions in the Sanitation and Fleet sections into a single title of Equipment Operator, providing more efficient use of personnel.
- ❖ Appropriation of \$350,000 in Community Development Block Grant funding for the Fire Department's FOCUS program ("Firefighters Out Creating Urban Safety") and \$327,475 in CDBG funding to technologically enhance and continue operation of the Milwaukee Public Library's bookmobile.

Common Council initiatives which were approved as part of the 2002 Adopted City Budget included:

- Approving use of \$3,177,475 (\$3.2) million in Community Development Block Grant funds as part of the budget for specific purposes selected by the Council, a *first-time initiative*:
 - Public Works Street Improvements: \$500,000
 - Health Department Lead Paint Prevention/Abatement Program: \$600,000
 - Code Enforcement Inspectors, Targeted Enforcement: \$300,000
 - Targeted Weekend Neighborhood Box Program: \$300,000
 - Department of City Development Catalytic Project Areas: \$300,000

- Community Prosecution Unit: \$200,000
 - Health Department Prenatal Services: \$300,000
 - Common Council-City Clerk's Office, 80% of costs related to 2 positions, Community Services Coordinator and Community Services Specialist-Senior: \$89,396.
- Implementation of a 6-month wage-freeze for all *management employees* whose annual salary is \$50,000 or more. The wage freeze includes the Mayor, Common Council members, other elected officials, and Police Department and Fire Department managers. It is expected to generate cost savings of approximately \$500,000.
 - A reduction of \$1 million in salaries for the Police Department, reflecting vacancy cost savings.
 - Elimination of \$15,000 for a District Needs Assessment for the 4th District Police Station at 6929 W. Silver Spring Drive.
 - Transferring authority for issuing residential daytime parking permits from the Common Council-City Clerk's Office, License Division to the Police Department's district police stations for more convenient citizen access.
 - Restoration of 3 positions of Sanitation Supervisor in the Department of Public Works, Sanitation Division.
 - Restoring certain positions and funding relating to seasonal maintenance of the City's boulevards.
 - Increasing vehicle towing and storage fees from \$80 to \$95 and from \$11 to \$20 per day, for a revenue increase of approximately \$100,000.
 - Reducing funding for a Sewer Maintenance Fee Rate Study in the Department of Public Works Sewer Maintenance Fund by \$175,000 from \$325,000.
 - Changes in funding for various Capital Improvement projects including:
 - Reducing the Technology Initiative Fund from \$1 million to \$500,000.
 - Providing \$359,559 for office reconfiguration to move 4 Assistant City Attorneys from Municipal Court to the 8th floor of City Hall (3 attorneys plus existing support staff to remain at the Municipal Court), for enhanced efficiency.
 - Eliminating \$1.6 million for a new parking checker facility.
 - Eliminating \$310,000 for Air Handling Unit Replacement for the Common Council Chambers and \$200,000 for the Central Repair Garage.

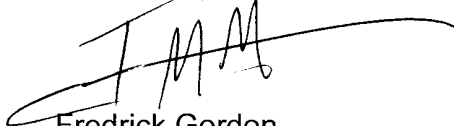
- Increasing funding for the Police Department's District 3/Data Communications Center from \$1 million to \$4 million.

This budget season was the third consecutive year that a Finance Committee budget hearing was held away from City Hall, "bringing the budget to the community." On Friday, October 26, 2001 a public hearing on the proposed budgets for the Fire Department and the Public Library was held at Bay View Library, 2566 S. Kinnickinnic. More budget hearings will be held in neighborhood settings in future years.

Budget challenges for 2003 and beyond include addressing spiraling employee health benefit costs, creating new revenue streams to decrease pressure on the property tax levy, and evaluating provision of City services. Above all, economic development will be a core focus for increasing the property tax base, creating new jobs, and encouraging spin-off growth in areas such as new housing.

Today is tomorrow's yesterday. The Common Council and the mayoral administration must work together to guarantee the City's fiscal stability.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'F. Gordon', with a long horizontal flourish extending to the right.

Fredrick Gordon
Alderman, 7th District
Chair, Finance & Personnel Committee

THE VALUE OF MILWAUKEE

Milwaukee exists because it possesses natural economic advantages which cause people and businesses to concentrate in large and increasing numbers. As a result of the proximity and connectedness of Milwaukee's diverse people and enterprises, huge benefits flow -- jobs are created, markets are formed and expanded, wealth is created, and surplus wealth leads to culture.

OUR VISION FOR MILWAUKEE

We want Milwaukee to become an even more desirable place to live and work. Our city's attributes include:

- dynamic and accessible markets gainfully employing citizens;
- safe, strong, and beautiful neighborhoods with well-maintained housing and a healthy environment; and,
- a flourishing culture recognized for its arts, recreation, museums, and institutions of education.

MISSION

City government is dedicated to reducing spending while giving residents and businesses the highest quality services possible. The city also works to create local, state, and federal policies (especially transportation, welfare, and education policies) that enhance the natural advantage of Milwaukee. We are committed to:

- providing a safe, secure environment for citizens and visitors;
- promoting an economic climate that supports job creation;
- creating opportunities that make citizens successful; and,
- providing a sound and highly reliable physical infrastructure, including transportation and water systems, and a safe, healthy environment.

STRENGTHENING THE VALUE OF OUR CITY

Introduction

Good things are happening in Milwaukee. Our downtown community is thriving, neighborhoods all across the city are growing stronger and our citizens are becoming even more successful. These results speak to the value that Milwaukee offers its citizens and community: value that is created as a result of the proximity and connectedness of Milwaukee's diverse people. Value that helps fosters an environment where property values grow, where jobs are created, where markets are formed and expanded. Value that creates wealth, and where surplus wealth leads to culture.

Milwaukee experienced many promising trends during the 1990s. Our citizens saw their incomes rise (see Figure 1). Employment levels in the city grew to almost 319,000 by the end of 2000 (see Table 1). At the same time, Milwaukee's low-income workers were connected to private-sector jobs and systems were developed to support their efforts to work for a living.

Milwaukee played a major role in persuading the state to provide affordable childcare to low-income workers with young children. In 1997, Milwaukee helped design BadgerCare, and over the next two years helped persuade the federal government to approve it. The result of this effort is free or low-cost health insurance for working families with incomes up to 200% of the poverty line. Thousands of uninsured Milwaukeeans signed up for BadgerCare as they moved into the labor market.

All together, the impact of an improving national economy, steady progress in Milwaukee's local economy, the replacement of welfare programs with work-based systems (consisting of W-2, the EITC, affordable child care, and BadgerCare) contributed to a remarkable improvement in the economic well being of our city.

Milwaukee's tax base provides a strong indicator of our strength. Our property tax base continues to show steady improvement, with real growth experienced in almost all of the city's neighborhoods (see Figure 2). In 2001, the State of Wisconsin valued the city at \$19.5 billion. This value is up over \$2 billion from 2000 levels of \$17.4 billion. As seen in Figure 2, property values in the city have been steadily in-

Figure 1

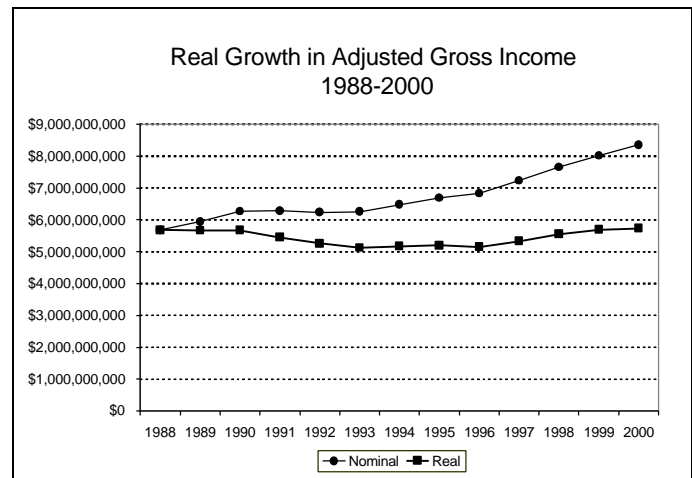


Table 1

	1994	1996	1998	2000*
Agriculture	660	557	746	935
Construction	8,309	7,624	8,035	8,840
Manufacturing	65,428	61,575	59,536	55,645
Transportation and Communications	20,642	18,167	18,645	16,164
Wholesale Trade	15,613	19,852	20,201	19,827
Retail Trade	45,185	44,520	42,856	42,417
Finance, Insurance, and Real Estate	32,639	33,026	33,344	32,874
Service	108,805	118,067	127,280	142,618
Total	297,281	303,388	310,643	319,320

* Second Quarter, 2000.
Source: Wisconsin Department of Workforce Development

creasing since 1989. It is estimated that this trend will continue into the future, with expected valuation in 2003 at \$20.2 billion. Central city neighborhoods, in particular, have shown noticeable gains, with sharp increases in the number of workers and the level of earnings. Business has taken note. Across the central city, neighborhoods that had seen little investment are now witnessing the opening or construction of new grocery stores, drug stores, hardware stores, auto supply stores, and banks.

Despite these positive trends, Milwaukee continues to face challenges. While the city's crime rate has fallen, Milwaukee has not experienced the impressive reductions experienced by other large urban centers.

Signals from national economic trends send cautionary signs. Financial partnerships with the State of Wisconsin have diminished. And, census data suggests a slight reduction in the city's population.

Vision for a Strong Future

To further strengthen our value to the community, Milwaukee must remain committed to its vision, and be willing to make the tough choices necessary to maintain and reinforce our foundation. Local government cannot be all things to all people. Where possible, local government must engage others, whether through private/public partnerships, or governmental cooperation agreements, to help reach our goals.

Milwaukee itself must focus on what it does best: adding value to citizens' lives by ensuring the public health and safety of our citizens; by ensuring that residents and businesses obtain high value from and pay a fair cost for services the city delivers, and by creating a strong business environment where Milwaukee's private sector can innovate, grow, and prosper.

Milwaukee manages its government to help add value to the community, and we must continue to do so. We have adopted a simple approach of focusing on strategic issues, controlling spending and leaving government out of the way of private markets. This strategy has worked, and it has helped position Milwaukee as one of America's great urban centers.

Strengthening the Value of Our City: Measuring Our Performance

Outcome measurement is a critical component of Milwaukee's strategic planning and budgeting system. By focusing budgetary debate around city goals and strategies, and linking the allocation of funding to city priorities, a connection is made between resources and results. Milwaukee's policymakers use the budget to allocate resources to city-wide strategic objectives. Figure 3 provides a summary of how Milwaukee will allocate its resources in 2002. Both policymakers and the public are interested in knowing to what extent strategic goals are achieved. The only way to identify progress toward achieving these goals is to measure performance.

The city strengthens the value of Milwaukee by achieving the policy results desired by its residents.

Figure 2

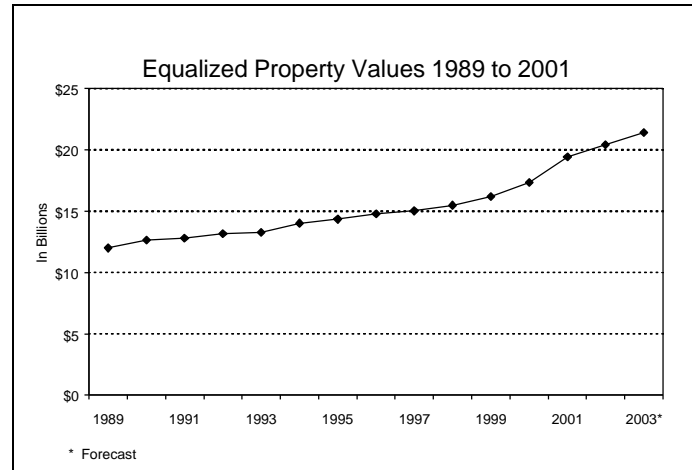
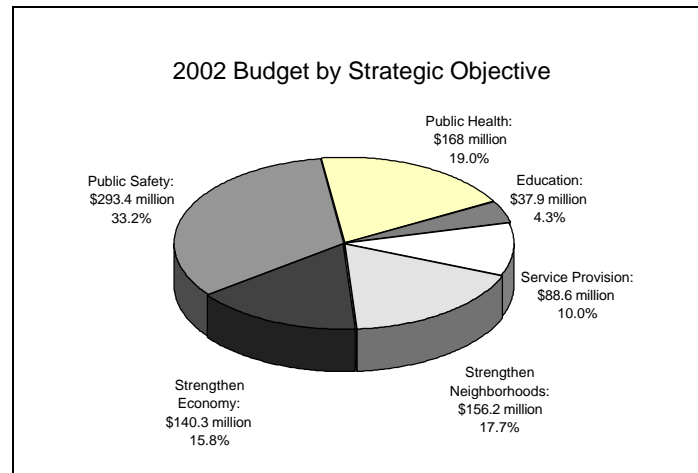


Figure 3



The city government's actions in this effort are guided by the strategic plan, which identifies the primary policy goals that benefit the community. If these goals are achieved, it follows that strengthening the economy, improving neighborhood quality, ensuring public health and safety, and expanding educational opportunities improve the community's condition. Performance measurement is needed to identify whether and to what extent these goals are achieved. This, in turn, helps determine funding priorities in the budget process.

Measurement Results

Each year, city outcome indicators are reviewed to identify progress toward achieving the city's strategic goals and objectives. Since 1994, 54 outcome indicators have been consistently monitored and tracked. Of these 54 measures, 78% demonstrate progress toward achieving the city's goals. And, 67% have already achieved their goal (see Figure 4).

While the general trend shows the city progressing toward achieving its strategic goals, performance has varied. In some areas, stellar results have been achieved and significant progress has occurred. By focusing on results, Milwaukee's government has helped improve the quality of life for city residents. Some areas of significant progress since 1994 include:

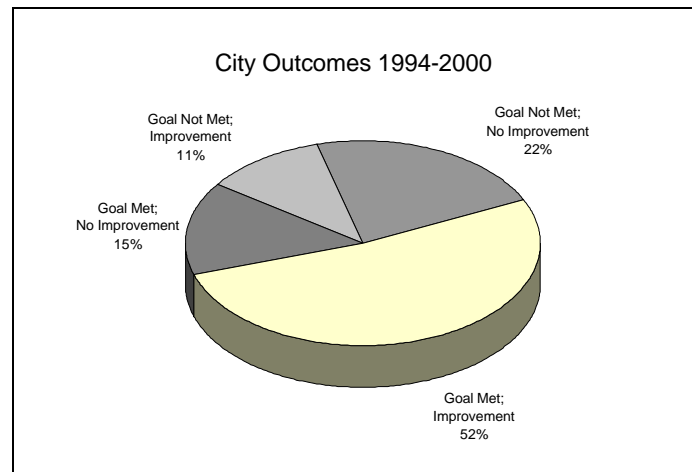
- ? **Fire Deaths:** Since 1994, fire deaths have dropped by 53%, from 15 in 1994 to 7 in 2000;
- ? **Adult Health:** The premature death rate for adults has dropped 13%, falling from 1.7 deaths per 1,000 adults to 1.4;
- ? **Fiscal Management:** The rate of return on the investments of city funds has increased 42.5% to approximately 6.14%;
- ? **Economic Prosperity:** Equalized property values have grown by almost 12.8% in inflation adjusted terms since 1994.

In other areas, the city continues to progress toward achieving its goals. This underscores the crucial importance of performance measurement - it identifies an expected level of performance that guides the city's efforts. Program managers, if provided with specific performance targets and information, can better manage and improve their programs.

Areas where a commitment to improvement continues to be made include:

- ? **Crime:** While overall crime rates show a decline of 15.8% since 1994, trends in homicides are troubling when compared to other large urban areas. Since 1996, homicides in Milwaukee have dropped by 6.9%. However, homicides dropped by 28%, on average, in the nation's 25 largest cities. Even Washington D.C., where poverty rates are significantly higher than Milwaukee, witnessed a reduction in the number of homicides of over 40%.
- ? **Traffic Accidents:** A balanced transportation program, providing for the safe and efficient movement of people and goods is a critical element in our efforts to maintain Milwaukee's economic vitality. While the number of traffic accidents fell steadily during the 1990's, recent trends suggest accidents are increasing. Between 1999 and 2000, traffic accidents rose by almost 11%.
- ? **Infant Deaths:** While infant mortality rates have improved, this critical measure continues to cause concern for Milwaukee. In 1994, 13 infants died for every 1,000 live births. For 2000, this

Figure 4



number dropped to 10.5. However, significant disparity continues to exist between white and non-white infants, and little improvement has occurred over time. In 2000, the non-white infant mortality rate totaled 15.1 compared to 5.6 white infant deaths per 1,000 live births. Milwaukee must enhance its efforts to form collaborative efforts to improve the health and well being of all of Milwaukee's children.

- ? **Immunization of Children:** Milwaukee has set a goal of ensuring that 90% of Milwaukee's two-year olds receive age-appropriate immunizations. Our record of improvement is impressive: immunization rates have nearly doubled since 1994, from 37.2% to 73.4% in 2000. But, additional progress is needed.

Not only do the city's outcome indicators demonstrate that the city is performing well, but independent studies from third parties support this conclusion. The Reason Public Policy Institute, a non-profit think tank, issued a "Competitive Cities Report Card" in April, 2001. The Institute spent three years looking at the nation's 50 largest cities and ranked 44 of these cities based on their performance and how efficiently they deliver services. Out of the 44 cities ranked, Milwaukee ranked 13th.

In 2000, *Governing* magazine issued a "Management Report Card" grading 35 of America's largest city governments. Cities were graded in five policy areas: financial management, personnel management, capital management, information technology, and the use of performance measures. Only five cities received a higher average grade than Milwaukee. In fact, Milwaukee exceeded the 35 city average grade in four of the policy areas studied, including the financial management, performance measurement,

information technology, and capital management areas.

Future of Measurement

Performance measurement is not a static process. It is an on-going, dynamic effort to ensure that the most meaningful measures exist for the most critical outcomes, and that this information is utilized in the most effective manner by city policymakers and managers. To be successful, a performance measurement system must continually be refined and improved. The city is pursuing several initiatives to improve its performance measurement system, including:

- ? Revising and improving outcome indicators;
- ? Developing more and better program level result measures; and
- ? Developing a performance reporting and management system at the program level.

These initiatives will make program level performance measurement even more meaningful and will improve their use in decision making. By tracking outcomes at both the program level and objective level, the city can monitor improvement at both levels and identify if program operations are contributing to improved outcomes at the broader strategic level.

To highlight the importance of program-level results, a report is being developed for each city program. In addition, the city's Financial Management Information System is being modified to allow tracking and reporting of performance measures. Once these initiatives are completed, result measurement at the program level will be more fully incorporated into the city's strategic planning and management processes. This will ensure that program performance is

regularly reviewed and that progress is made toward achieving program outcomes.

Milwaukee's city government remains committed to maintaining and improving a strong results oriented measurement system. However, the performance measurement system is only one part of a comprehensive measurement system that helps policymakers understand the entire city context, including the fiscal and economic environment of the city.

Milwaukee's Economic Outlook

The Midwest economy underwent substantial transformation during the 20th century. Manufacturing's share of local economies plummeted and in its place developed service-based economies. Part of this transformation reflects a natural tendency for developed economies to consume relatively more services over time. In addition, many manufacturing jobs left the area and migrated from the Midwest and Northeast to the South and West. As urban residents

Table 2

THE MILWAUKEE ECONOMY: HISTORY AND FORECAST									
(GCP in thous. 96 chain weighted \$)									
Prepared by: City of Milwaukee, Budget and Management Division									
	1994	1995	1996	1997	1998	1999	Estimate 2000	Forecast	
								2001	2002
GROSS CITY PRODUCT	\$19,506,689	\$20,021,932	\$20,542,021	\$21,497,393	\$22,394,059	\$23,703,381	\$24,489,852	\$24,723,164	\$25,249,422
GCP GROWTH	-2.3%	2.6%	2.6%	4.7%	4.2%	5.8%	3.3%	1.0%	2.1%
GDP GROWTH	4.0%	2.7%	3.6%	4.4%	4.4%	4.2%	5.0%	1.0%	1.0%
CONSTRUCTION	\$437,437	\$375,835	\$430,568	\$449,771	\$453,403	\$464,999	\$471,379	\$477,429	\$483,378
Construction Growth	-0.4%	-14.1%	14.6%	4.5%	0.8%	2.6%	1.4%	1.3%	1.2%
MANUFACTURING	\$4,259,287	\$4,493,503	\$4,478,429	\$4,872,657	\$4,826,367	\$5,126,801	\$5,291,309	\$5,295,773	\$5,384,796
Manufacturing Growth	8.7%	5.5%	-0.3%	8.8%	-0.9%	6.2%	3.2%	0.1%	1.7%
T.C.P.U.	\$2,062,148	\$2,047,564	\$1,971,043	\$2,004,048	\$2,150,670	\$2,093,160	\$2,169,131	\$2,185,694	\$2,227,212
T.C.P.U. Growth	-1.6%	-0.7%	-3.7%	1.7%	7.3%	-2.7%	3.6%	0.8%	1.9%
WHOLESALE TRADE	\$1,160,154	\$1,199,624	\$1,349,818	\$1,468,463	\$1,630,804	\$1,748,113	\$1,618,979	\$1,635,949	\$1,677,463
Wholesale Trade Growth	-6.0%	3.4%	12.5%	8.8%	11.1%	7.2%	-7.4%	1.0%	2.5%
RETAIL TRADE	\$1,322,374	\$1,319,733	\$1,381,295	\$1,385,790	\$1,499,178	\$1,587,414	\$1,628,782	\$1,659,233	\$1,694,570
Retail Trade Growth	0.5%	-0.2%	4.7%	0.3%	8.2%	5.9%	2.6%	1.9%	2.1%
F.I.R.E.	\$4,511,949	\$4,822,669	\$5,071,868	\$5,260,738	\$5,527,739	\$5,826,039	\$5,935,177	\$6,019,192	\$6,144,497
F.I.R.E. Growth	-10.0%	6.9%	5.2%	3.7%	5.1%	5.4%	1.9%	1.4%	2.1%
SERVICES	\$5,750,863	\$5,759,727	\$5,855,796	\$6,051,991	\$6,302,005	\$6,852,857	\$7,371,843	\$7,446,322	\$7,633,775
Services Growth	-3.2%	0.2%	1.7%	3.4%	4.1%	8.7%	7.6%	1.0%	2.5%

with higher skill and income levels left the cities for the suburbs, central cities were left with lower income and less skilled residents.

Milwaukee, like other regional economies, responded to these trends and has reemerged as a much stronger and diverse economy. By 1999, estimates of gross city product (a measure of economic output based upon national productivity levels) reveals that Milwaukee's service sector represents approximately 29% of the local economy, whereas manufacturing represents 22% of Milwaukee's economic output.

Further, finance, insurance, and real estate sectors represent approximately 25% of gross city product.

National Economic Growth

Historically, Milwaukee's economy has trailed behind the United States economy. However, in recent years, the city's economic growth has matched or surpassed national growth. In 1999, the city economy grew 1.6% faster than the U.S. economy. In 2000, it is estimated that growth will continue to occur locally, but be slightly less than the national economy. Table 2 (see Page 4) contains a forecast of the city's economy for 2001 and 2002. As shown, it is anticipated that the local economy will grow 1.0% in 2001 and 2.1% in 2002. These increases are smaller than in previous years but continue to suggest that the local economy will out-perform or match the national forecast of 1.0% in 2001 and 1.0% in 2002.

Nearly all sectors in each of the forecast years are expected to increase. The largest growth sector is seen in retail trade with a growth of 1.9% in 2001 and 2.1% in 2002. Manufacturing output is expected to increase even though employment continues to fall. The manufacturing sector will continue to produce approximately 5.0% annual productivity improvements. It is expected that manufacturing will grow 0.1% in 2001 and 1.7% in 2002. The effects of the nation-wide economic slow down will assuredly influence the city in 2001 and 2002.

The forecast of the city's economy has been modified since the proposed 2002 budget. The Nation is facing a time of economic uncertainty, uncertainty that undoubtedly will be seen in Milwaukee. The effects of the events of September 11th are not fully known at this time. It is this uncertainty that led to the change in the city's economic forecast.

Employment and Wages

Since the late 1970s, manufacturing sector employment has been shrinking as a percentage of total employment in Milwaukee. In 1977, the manufacturing percent of total employment was 32.8%. By the year 2000, only 16.7% of total employment was manufacturing-based. This change in the make-up of employment was not just a local phenomenon. Similar employment changes have been seen nation-wide.

During the 1990s, manufacturing employment fell, while service sector employment increased (see Figure 5). Initial concerns with the shift in employment

Figure 5

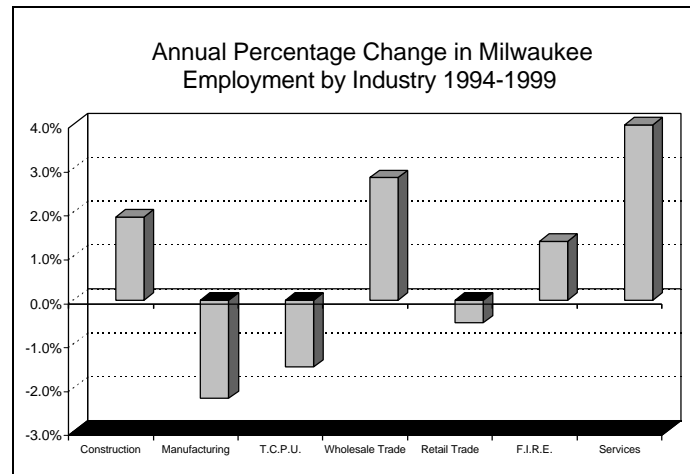
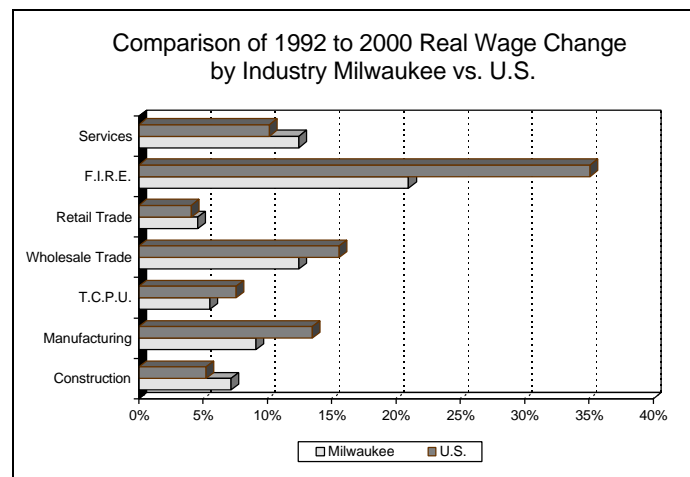


Figure 6



from manufacturing to service anticipated lower wages in the service sector. It is true that on average, the service sector has lower wages. Service sector average wages are \$30,836 as compared to the \$44,340 in the manufacturing sector. Figure 6 shows the growth in wages by sector as compared to the U.S. data. Even though service sector wages are lower than manufacturing, the service wage growth is 3.5% faster than manufacturing wages.

Clearly, the manufacturing job has a higher wage, but the service sector wage is sufficient to support a family or individual. Service sector high-tech jobs in the health sector average \$53,000 per year, in the engineering sector average \$46,000 annually, and in the computer and data processing sector average \$62,500 per year. It has become important to replace not only lost manufacturing employment with service sector employment but also to promote the development of high-tech jobs.

Rise of Technology

High-tech industries developed during the 1980s and 1990s and have continued into the new century. These industries include medical industries, electronics, computers, communication, and engineering. High-tech jobs are attractive since they are higher paying and are expected to grow by over 30% from 1996 to 2006.

Milwaukee recognizes the value that high-tech industries offer the local economy. Where Milwaukee was once the machine shop to the world, we are rapidly emerging as the new electron valley. A June, 2000 national study by the U.S. Department of Housing and Urban Development indicates that high-tech industries represent approximately 10% of the metropolitan area's economy. And, among 114 metropolitan areas, Milwaukee's economy ranked 17th best as a measure of the percent that high-tech industries represents of the local economy. Milwaukee's high-tech employment currently represents approximately 5% of the total employment. High-tech employment has grown 29% from 1995 to 1999 and is anticipated to rise steadily. In order for the city to fully take advantage of the rise of technology, Milwaukee must continue to develop a critical mass of high-tech companies.

An index of the new economy developed by the Milken Institute ranks Wisconsin 30th of the 50 states. This ranking is a measure of education, exports, and public and private research spending. The city must continue to focus on strategies to improve Milwaukee's ability to attract high-tech companies. In part, the solution may already exist in the form of the vitality and cultural amenities that can attract workers. Furthermore, improvements have been made to the public school system. These can be expected to give local students the necessary skills to compete in these markets.

Provided in Table 3 is a forecast of the city's employment through 2002. This forecast continues to reflect the transition from a manufacturing-based to a

Table 3

Milwaukee Employment by Industry									
	ACTUAL						ESTIMATE	FORECAST	
	1994	1995	1996	1997	1998	1999	2000	2001	2002
TOTAL	309,669	312,700	315,340	317,266	322,869	334,358	335,099	337,919	343,767
Percentage Change		1.0%	0.8%	0.6%	1.8%	3.6%	0.2%	0.8%	1.7%
CONSTRUCTION	7,339	6,473	7,373	7,773	7,960	8,062	8,324	8,216	8,315
Percentage Change		-11.8%	13.9%	5.4%	2.4%	1.3%	3.2%	-1.3%	1.2%
MANUFACTURING	64,303	64,364	62,303	61,901	59,842	57,424	55,459	53,744	52,890
Percentage Change		0.1%	-3.2%	-0.6%	-3.3%	-4.0%	-3.4%	-3.1%	-1.6%
T.C.P.U.	21,267	20,990	20,671	20,296	21,300	19,695	19,921	19,916	20,259
Percentage Change		-1.3%	-1.5%	-1.8%	4.9%	-7.5%	1.1%	0.0%	1.7%
WHOLESALE TRADE	14,844	15,841	16,521	16,566	16,701	17,033	16,053	15,947	16,256
Percentage Change		6.7%	4.3%	0.3%	0.8%	2.0%	-5.8%	-0.7%	1.9%
RETAIL TRADE	43,937	43,594	43,417	41,180	42,006	42,806	41,915	41,703	42,082
Percentage Change		-0.8%	-0.4%	-5.2%	2.0%	1.9%	-2.1%	-0.5%	0.9%
F.I.R.E	30,918	32,288	32,906	32,471	33,253	34,866	33,122	33,491	34,330
Percentage Change		4.4%	1.9%	-1.3%	2.4%	4.9%	-5.0%	1.1%	2.5%
SERVICES	127,061	129,150	132,149	137,079	141,808	154,472	160,306	164,901	169,635
Percentage Change		1.6%	2.3%	3.7%	3.4%	8.9%	3.8%	2.9%	2.9%
Percentage Manufacturing of Total Employment - MIL	20.8%	20.6%	19.8%	19.5%	18.5%	17.2%	16.5%	15.9%	15.4%
Percentage Manufacturing of Total Employment - U.S.	20.3%	19.8%	19.4%	18.1%	17.7%	17.2%	N/A	N/A	N/A

Source: ES-202 Data Adjusted to Include Public School Employees for 1994 to 1999.

service-based economy that is strongly supported by a high-tech sector. In total, employment is expected to grow about 1% in 2001 and 2% in 2002. This forecast reflects the slowing of the local economy as well as the slowing of the national economy. Service sector employment will increase by 3% annually while manufacturing will fall by 3.1% in 2001 and 1.6% in 2002. According to estimates, over 8,600 jobs will be created from 2000 to 2002.

City's Fiscal Future

The city's fiscal future looks promising, but is not without its challenges. In a perfect world, expenses and revenues would grow at the same rate thus continually creating a balanced budget. Unfortunately, this case does not exist for the city. Expenses rise at rates above inflation while revenues decline slightly in real terms. Over the past few years, wages have increased 2.5% to 3.0% and health care costs have increased between 15% and 20%. These rising expenses produce an annual impact of approximately \$20 million.

On the revenue side, state-shared revenue has failed to keep pace with inflationary growth, and has declined in real terms. While a strong signal was sent from the State of Wisconsin when it adopted a budget with a 1% increase in state shared revenue, this increase did not nearly off-set the impact of a seven year freeze in the funding formula. State shared revenue represents approximately 50% of the

city's available revenue, and freezing the formula placed significant stress on Milwaukee's property tax.

Further, biennial assessments hinder the city's ability to generate consistent property tax revenues from year to year. All told, the difference between revenues and expenses will range from around \$15 million in assessment years and \$30 million in non-assessment years. Preliminary forecast for 2003 place the gap at \$12.8 million and 2004 at \$35.4 million (see Figure 7).

Rising Health Care Costs

The city currently offers two types of health care plans: Basic Plan, a self-insured plan, and multiple Health Maintenance Organizations (HMOs). The city's fiscal struggle with salary and fringe benefit costs is reflected in Basic Plan trends.

Enrollment in the Basic Plan has been decreasing since 1983. In 1983, enrollment was 9,475 by 2000, enrollment dropped to 4,629, a 51.1% decrease. However, the cost per contract has increased throughout this same period (see Figure 8). In 1983, the net cost per contract was \$1,256 by 2000, the net cost per contract was \$4,549, a 262.1% increase. As a comparison, the Consumer Price Index grew by 72.9% over the same 1983 to 2000 period.

As salaries and fringe benefit costs continue to outpace inflation, it is critical to find cost saving solutions. In 2002, the city will continue to explore options for savings in healthcare.

Property Tax Levy Growth

Since 1988, the city's tax levy has dropped by over \$22.6 million in real terms (see Figure 9). In recent years, further reductions have been more difficult to achieve because the city's largest source of revenue has declined. Shared revenue accounts for roughly 50% of the city's total revenue sources. For the first time since 1995, the 2002 payment will increase by 1%, or \$7.1 million, which is still 2% lower than the expected 2001 inflation rate. This increase does not, in real terms, increase payments beyond the 1995 level. As a result, the city must continue to look for other options to diversify its revenue base.

Because of these challenges, the 2002 budget contains a \$7.2 million increase in the property tax levy with a 38-cent, or 3.6% increase in the property tax rate. In

Figure 7

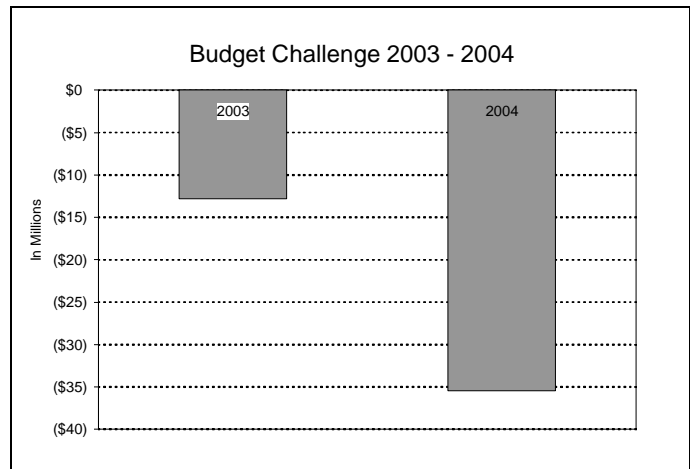


Figure 8

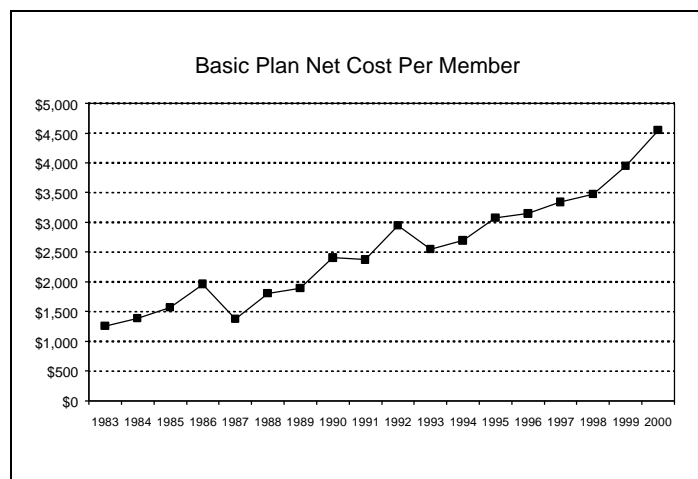
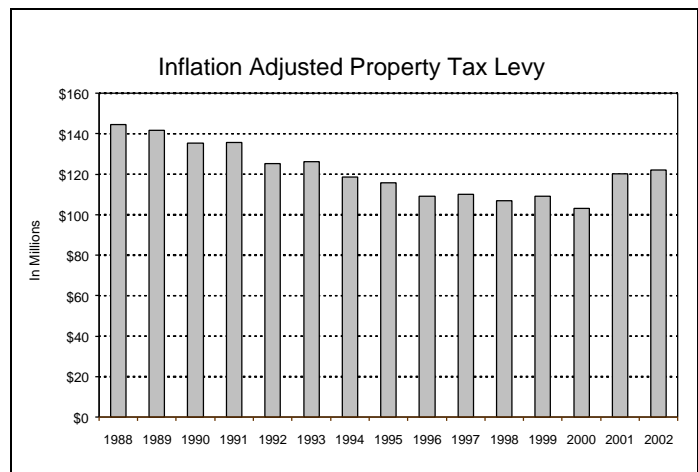


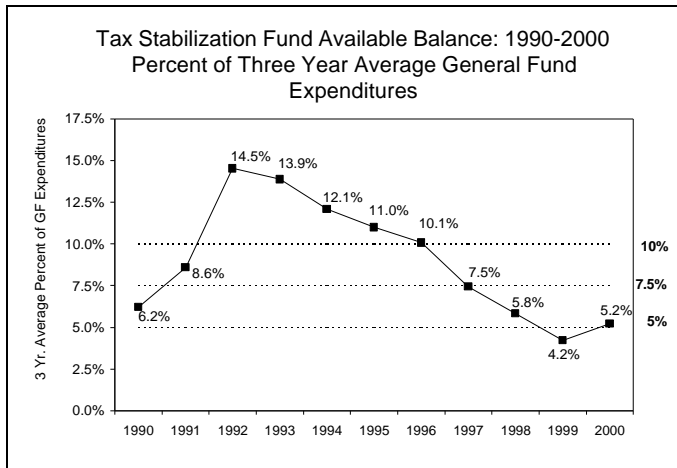
Figure 9



addition, the budget includes a new fee for snow and ice removal. This fee represents the continued effort of the city to diversify the city's revenue base

and to have the primary users of services bear a greater portion of the cost rather than general property taxpayers.

Figure 10



Reserve Policy

The City of Milwaukee has two monetary reserve funds: the Tax Stabilization Fund (TSF), and the Public Debt Amortization Fund (PDAF). While most cities across the nation typically maintain one reserve fund, Milwaukee's practice helps demonstrate our commitment to strong fiscal management practices. The 2002 budget further strengthens these principles in two ways. First, the annual PDAF withdrawal for 2002 budget purposes will total \$7 million, a decrease of \$4 million from 2001 levels. This withdrawal represents the smallest withdrawal since 1987. More importantly, it enables the fund to grow by approximately \$600,000.

Second, the city will formalize a new policy for the TSF. Milwaukee's ability to maintain an adequate level of reserves, within the framework of a reserve policy, is a very significant factor in our bond rating and a highly desirable financial practice. Formalizing a policy will help create confidence in the city's ability to meet unanticipated needs as well as provide the city with a consistent resource to help stabilize property taxes. Choosing what the appropriate guidelines should be represents a balance between the level of funding to keep by the city for reserve purposes and the amount of taxes the city collects from its taxpayers. Therefore, a reserve policy should set not only a minimum guideline, but a maximum guideline as well. The fund should be large enough to maintain our fiscal and tax rate flexi-

bility, but not too large to create an impression of over-taxing citizens.

Based upon guidelines by the Government Financial Officers Association, and in cooperation with the Office of the City Comptroller, the 2002 budget will propose a policy that establishes a minimum balance in the fund of 5% of the city's three-year average general fund expenditures, and a maximum balance of 10%. The city will work toward growing the fund to the midpoint, or 7.5%. Under the policy, withdrawals from the fund would be limited to fund regeneration if the balance falls below the 5% target. The Budget Office, in conjunction with the Comptroller and Council's Fiscal staff, will continue to finalize this policy as the budget is debated. Figure 10 illustrates how Milwaukee's past ten year experience compares to the policy guidelines. In one year (1999), the city fell below 5%. In 5 of 11 years, the city was above the 10% maximum level.

Strengthening the Value of Our City: Today and Tomorrow

Milwaukee's government strives to continually improve both the effectiveness and efficiency of services provided to citizens. Accordingly, the 2002 budget contains many initiatives to strengthen the value and quality of services delivered to citizens. From the Technology Innovation Fund to a revised Healthy Family/Healthy Infant Program, the 2002 budget will further position Milwaukee toward success both today and tomorrow.

E-Government and Technology Innovation

As telephone communication changed how Milwaukee's residents did business with their city over the past 100 years, e-government promises to open up an entirely new range of opportunities for citizens to communicate with their government. Built around the city's new service-centered home page and web site design, e-government will offer, in the short-term, a useful and valuable complement to an existing voice-based telephone system.

Residents may now choose to request a special garbage pickup or report an abandoned auto through the city's web site instead of phoning in their service needs. They can also avail themselves of certain unique opportunities that e-government provides, such as filling out permit or job applications online, which use of a telephone cannot do. Moreover,

unlike telephone-based services and information, e-government remains open for business 24-hours a day, 7 days a week.

Milwaukee already has in place much of the information infrastructure needed to implement e-government successfully. But, much work remains to be done. In 2002, Milwaukee will expand upon both the efforts and successes realized a year earlier. To support this effort, the 2002 budget includes a \$1 million technology innovation fund to encourage departments to re-engineer their operations. E-government will change how Milwaukee serves its citizens. The city will continue to provide quality services efficiently and effectively. It will also vastly expand the number of ways in which people will provide information to, and obtain services and information from their city.

COMPASS Grant

It is true that the Internet and wireless communications revolutions open many possibilities for government and change the way government operates and connects with its community. Strategically, new economy technologies enable a community's problem-solvers - in government, the private sector, nonprofits and neighborhoods - to become more data-driven and, at the same time, better connected to each other and to the problems they address.

In November of 2000, the U.S. Department of Justice research arm, the National Institute of Justice (NIJ) awarded Milwaukee the second COMPASS site grant. (COMPASS stands for Community Mapping, Planning, and Analysis for Safety Strategies.) COMPASS is an effort to help local governments:

- ? Share information of a geographic nature;
- ? Use that shared data to analyze problems;
- ? Develop solutions in a more holistic way; and
- ? Connect to community groups and individual residents in more meaningful, productive ways.

There is strategic value hidden in the vast amounts of data that city agencies and others collect and store every day. Most of them have begun to leverage the value of that information. Whether it be mapping incident data, as the Police Department does, or publishing information on the Internet to empower constituents as the Municipal Court, Department of Neighborhood Services, and others are doing, the

City of Milwaukee is, like the private sector, leveraging the strategic value of the "new economy".

Pre-Arrival Instructions

In 2002, the Fire Department will begin offering pre-arrival instructions to 911 callers. In doing so, the City of Milwaukee will become the only municipality in Milwaukee County to offer pre-arrival instructions to callers with medical emergencies. The implementation of the Fire Department's new Computer Aided Dispatch (CAD) system will allow department dispatchers to provide pre-arrival instructions to callers for specific types of medical emergency calls (birth, choking, cardiac arrest, seizure, and bleeding). The goal of these instructions is to initiate basic medical care to the patient while department medical personnel are in route. During 2001, the Fire Department will train its dispatchers on how to provide this information and will work with Milwaukee County to design instructions that are simple, concise, and medically sound. Due to the new CAD technology and the willingness of the dispatchers, the Fire Department will be able to initiate this service in 2002 without additional staff or costs to the city.

Department of Public Works - Operations Division

The Department of Public Works (DPW) is a service-based department that faces a constant demand for services. These services include cleaner neighborhoods and better roads. In providing these services, DPW must adapt to changing technology. In order to meet these challenges, DPW constantly reviews and revises its procedures and organizational structure to gain the necessary efficiencies, which allow it to continue to provide the same service levels.

The 2002 budget addresses some of the challenges facing DPW by creating an Operations Division. The Operations Division will be comprised of the Forestry, Sanitation, and Buildings and Fleet Divisions. This new division will yield benefits both internally and externally to the citizens of Milwaukee. The division's greatest benefit will be improved services to Milwaukee residents, due to improved coordination of personnel, materials, and equipment. In addition, the reorganization will save taxpayers \$500,000 annually.

Equipment Replacement

As a vehicle fleet gets older, it becomes more expensive to operate and maintain. The aging of a vehicle

fleet, therefore, demands a delicate balance of replacement intervals. Replacing equipment too soon will be expensive in terms of capital. Replacement intervals that are too long will save capital, but will result in higher repair costs. The fleet may also become less safe and reliable, thereby increasing the costs of delivering city services and forcing the city to maintain more backup vehicles needed to replace those that are in for repairs. In the 2002 budget, the city will implement a revised vehicle replacement program in the Department of Public Works. Additional funding of \$3.3 million over the 2001 budget level will ensure maintenance of maximum fleet efficiency and effectiveness.

Annual Assessments

Chapter 70 of Wisconsin State Statutes requires that “each taxation district shall assess property at full value at least once in every five year period”. In accordance with Chapter 70, the City of Milwaukee currently reassesses property for tax purposes on a biennial basis. However, the process of valuing property every other year carries with it several disadvantages. In non-reassessment years (odd numbered years), assessed values generally fall behind actual property values, diminishing the accuracy of assessments and distributing less equitably the responsibility for paying property taxes. Annual reassessments eliminate the last remnants of inequality in the distribution of property taxes by valuing properties annually and taxing according to actual market value. In addition, annual assessments make the city’s primary “internal” revenue stream, the property tax levy, more consistent. Therefore, beginning in 2003, the City of Milwaukee will conduct annual re-evaluations of properties to provide a more equitable distribution of property taxes throughout the city and to ensure that all residents pay a fair share for city services.

Healthy Family/Healthy Infant Program

As part of its continued efforts to reduce the city’s infant mortality rate, the Milwaukee Health Department’s Maternal and Child Health Division will launch a new, collaborative effort to reduce the racial and ethnic disparity in infant mortality rates. In 2002, the new Healthy Family/Healthy Infant Program will proactively tackle the high proportion of births, infant

deaths, and risk factors that occur in the Community Development Block Grant (CDBG) target areas.

The Healthy Family/Healthy Infant Program has three primary goals:

- ? To identify high-risk pregnancies in the Neighborhood Strategic Planning Areas;
- ? To assess risk factors by prevention counseling, referral and follow-up; and,
- ? To improve child care of high-risk infants and families.

The Health Department spent much of 2001 formulating recommendations for appropriate prenatal policies and services in the City of Milwaukee. The Healthy Family/Healthy Infant Program is a result of this effort. In 2002, the Community Development Block Grant Program will provide \$500,000 in funding for this new program, which will combine several existing prenatal and early childhood care programs.

Strengthen Partnerships: Library Foundation

The Milwaukee Public Library Foundation was created to provide private financial support for the Milwaukee Public Library (MPL) over and above city support. Together, the MPL and the Library Foundation have successfully provided resources, services and facilities that increase the educational attainment of Milwaukee’s citizens. In 2002, they will strengthen their partnership. The two entities will enter into a revised five-year agreement that increases Foundation support for Library programs and materials to supplement its current support for capital projects and endowment. This arrangement is yet another example of how our citizens benefit when public/private partnerships are formed.

Conclusion

The City of Milwaukee has taken great strides in recent years to promote the strength of its city. With each year, we have made progress - progress in influencing policies in both Washington and Madison, progress in our relationships with private and public partners, and progress in what the City of Milwaukee does itself. The City of Milwaukee 2002 budget is a critical tool for allowing us to take the next step forward.

2002 BUDGET AND TAX RATE COMPARED TO PRIOR YEAR

PURPOSE OF EXPENDITURE AND FUNDING SOURCE	TAX RATE / \$1,000					
	2001 ADOPTED BUDGET*	2002 ADOPTED BUDGET*	CHANGE 2002 MINUS 2001 ADOPTED	2001 ADOPTED	2002 ADOPTED	CHANGE 2002 MINUS 2001 ADOPTED
A. GENERAL CITY PURPOSES						
1. Budget (Expend Auth)	\$467,503,846	\$482,547,584	\$15,043,738			
2. Non Tax Levy Funding	391,243,089	408,183,152	16,940,063			
3. Tax Levy Funding	76,260,757	74,364,432	-1,896,325	\$4.43	\$4.30	\$-0.13
B. EMPLOYEE RETIREMENT						
1. Budget (Expend Auth)	\$62,972,527	\$63,770,867	\$798,340			
2. Non Tax Levy Funding	27,029,964	25,680,658	-1,349,306			
3. Tax Levy Funding	35,942,563	38,090,209	2,147,646	\$2.09	\$2.20	\$0.12
C. CAPITAL IMPROVEMENTS						
1. Budget (Expend Auth)	\$105,248,389	\$102,842,313	\$-2,406,076			
2. Non Tax Levy Funding	102,962,552	92,826,494	-10,136,058			
3. Tax Levy Funding	2,285,837	10,015,819	7,729,982	\$0.13	\$0.58	\$0.45
D. CITY DEBT						
1. Budget (Expend Auth)	\$113,487,421	\$113,987,651	\$500,230			
2. Non Tax Levy Funding	53,997,165	55,071,888	1,074,723			
3. Tax Levy Funding	59,490,256	58,915,763	-574,493	\$3.46	\$3.41	\$-0.05
E. DELINQUENT TAX						
1. Budget (Expend Auth)	\$1,600,000	\$1,000,000	\$-600,000			
2. Non Tax Levy Funding	0	0	0			
3. Tax Levy Funding	1,600,000	1,000,000	-600,000	\$0.09	\$0.06	\$-0.04
F. CONTINGENT FUND						
1. Budget (Expend Auth)	\$5,000,000	\$5,420,458	\$420,458			
2. Non Tax Levy Funding	0	0	0			
3. Tax Levy Funding	5,000,000	5,420,458	420,458	\$0.29	\$0.31	\$0.02
SUBTOTAL (A+B+C+D+E+F)						
1. Budget (Expend Auth)	\$755,812,183	\$769,568,873	\$13,756,690			
2. Non Tax Levy Funding	575,232,770	581,762,192	6,529,422			
3. Tax Levy Funding	180,579,413	187,806,681	7,227,268	\$10.49	\$10.87	\$0.38
G. PARKING FUND						
1. Budget (Expend Auth)	\$46,887,202	\$40,206,098	\$-6,681,104			
2. Non Tax Levy Funding	46,887,202	40,206,098	-6,681,104			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
H. GRANT AND AID						
1. Budget (Expend Auth)	\$79,774,019	\$81,534,000	\$1,759,981			
2. Non Tax Levy Funding	79,774,019	81,534,000	1,759,981			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
J. WATER DEPARTMENT						
1. Budget (Expend Auth)	\$84,835,439	\$89,189,607	\$4,354,168			
2. Non Tax Levy Funding	84,835,439	89,189,607	4,354,168			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
K. SEWER MAINTENANCE FUND						
1. Budget (Expend Auth)	\$33,385,434	\$43,213,146	\$9,827,712			
2. Non Tax Levy Funding	33,385,434	43,213,146	9,827,712			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
L. SOLID WASTE FUND						
1. Budget (Expend Auth)	\$35,541,537	\$0	\$-35,541,537			
2. Non Tax Levy Funding	35,541,537	0	-35,541,537			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
M. COUNTY DELINQUENT TAXES FUND						
1. Budget (Expend Auth)	\$5,650,000	\$5,650,000	\$0			
2. Non Tax Levy Funding	5,650,000	5,650,000	0			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
SUBTOTAL (G+H+J+K+L+M)						
1. Budget (Expend Auth)	\$286,073,631	\$259,792,851	\$-26,280,780			
2. Non Tax Levy Funding	286,073,631	259,792,851	-26,280,780			
3. Tax Levy Funding	0	0	0	\$0.00	\$0.00	\$0.00
TOTAL (A through M)						
1. Budget (Expend Auth)	\$1,041,885,814	\$1,029,361,724	\$-12,524,090			
2. Non Tax Levy Funding	861,306,401	841,555,043	-19,751,358			
3. Tax Levy Funding	180,579,413	187,806,681	7,227,268	\$10.49	\$10.87	\$0.38

Tax Rates and Assessed Value - 2002 adopted rate column is based on an estimated assessed value of
\$17,274,899,934 as of December 5, 2001.

PROPERTY TAX PROFILE
COMBINED PROPERTY TAX RATES 1998-2002
(PER \$1,000 ASSESSED VALUATION, ROUNDED TO THE NEAREST FULL CENT)
(RATES MAY NOT ADD DUE TO ROUNDING)

	1998	1999	2000	2001	2002
City of Milwaukee (Controlled by the Common Council)					
General City Purposes	\$2.93	\$2.98	\$3.58	\$4.43	\$4.30
Provision for Employee Retirement	2.32	2.23	2.37	2.09	2.21
Capital Improvement Program	0.79	0.88	0.17	0.13	0.58
City Debt (Including School Debt)	3.49	3.19	3.16	3.46	3.41
Delinquent Tax Fund	0.10	0.09	0.09	0.09	0.06
Common Council Contingent Fund	<u>0.37</u>	<u>0.34</u>	<u>0.32</u>	<u>0.29</u>	<u>0.31</u>
Subtotal - City of Milwaukee	\$9.99	\$9.71	\$9.69	\$10.49	\$10.87
Area Board of Vocation, Technical and Adult Education District 9	\$2.11	\$2.01	\$2.16	\$2.00	\$2.23
Milwaukee School Board	10.85	10.97	10.38	9.87	10.12
Metropolitan Sewerage District	1.77	1.72	1.80	1.68	1.87
State - Forestry	0.21	0.20	0.21	0.20	0.22
Milwaukee County	<u>5.96</u>	<u>5.72</u>	<u>5.82</u>	<u>5.46</u>	<u>5.91</u>
Subtotal - Other Taxing Bodies	\$20.90	\$20.62	\$20.37	\$19.21	\$20.35
Total Combined Tax Rate	\$30.89	\$30.33	\$30.06	\$29.70	\$31.22
State Tax Credit	\$-2.35	\$-2.04	\$-2.00	\$-1.69	\$-1.66
Net Tax Rate	\$28.54	\$28.29	\$28.06	\$28.01	\$29.56

PROPERTY TAX LEVIES FOR COMMON COUNCIL CONTROLLED PURPOSES

	1998	1999	2000	2001	2002
General City Purposes	\$43,115,927	\$47,163,328	\$55,385,058	\$76,260,757	\$74,364,432
Provision for Employee Retirement	34,126,351	35,287,106	36,670,849	35,942,563	38,090,209
Capital Improvement Program	11,700,172	13,891,120	2,637,480	2,285,837	10,015,819
City Debt	51,346,908	50,443,483	48,973,382	59,490,256	58,915,763
Delinquent Tax Fund	1,400,000	1,400,000	1,400,000	1,600,000	1,000,000
Common Council Contingent Fund	<u>5,400,000</u>	<u>5,400,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,420,458</u>
Total Property Tax Levies for Common Council Controlled Purposes	\$147,089,358	\$153,585,037	\$150,066,769	\$180,579,413	\$187,806,681

TAXABLE ASSESSED VALUATION
City of Milwaukee 1998-2002

	1998	1999	2000	2001	2002
Residential	\$8,457,841,610	\$9,093,197,600	\$9,163,659,090	\$10,292,622,989	\$10,358,670,619
Commercial	4,751,563,914	5,123,443,125	5,104,209,557	5,612,521,788	5,716,180,475
Manufacturing	<u>571,006,100</u>	<u>625,806,100</u>	<u>633,181,600</u>	<u>741,471,600</u>	<u>717,830,700</u>
Total Real Estate	\$13,780,411,624	\$14,842,446,825	\$14,901,050,247	\$16,646,616,377	\$16,792,681,794
Personal Property	\$1,133,725,610	\$1,229,667,210	\$873,822,920	\$936,378,220	\$997,177,244
Total Taxable Assessed Valuation	\$14,914,137,234 (a)	\$16,072,114,035 (b)	\$15,774,873,167 (c)	\$17,582,994,597 (d)	\$17,789,859,038 (e)

*Amount Includes Tax Increment District Assessed Value.

(a) Based upon assessed values as of December 5, 1997.

(b) Based upon assessed values as of December 2, 1998.

(c) Based upon assessed values as of December 14, 1999.

(d) Based upon assessed values as of November 30, 2000.

(e) Based upon assessed values as of December 5, 2001.

**COMPARISONS BY BUDGET SECTION
BETWEEN 2002 ADOPTED AND 2001 ADOPTED BUDGETS,
REVENUES, TAX LEVIES, AND RESULTING CHANGES**

	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
A. GENERAL CITY PURPOSES			
Appropriations			
Salaries and Wages	\$290,446,218	\$308,409,869	\$17,963,651
Fringe Benefits	81,301,495	93,830,102	12,528,607
Operating Expenditures	45,088,298	60,536,637	15,448,339
Equipment Purchases	11,360,556	6,286,320	-5,074,236
Special Funds	120,608,774	107,314,758	-13,294,016
Fringe Benefit Offset	<u>-81,301,495</u>	<u>-93,830,102</u>	<u>-12,528,607</u>
TOTAL APPROPRIATIONS	\$467,503,846	\$482,547,584	\$15,043,738
Funding Sources			
General City Revenues	\$385,743,089	\$397,183,152	\$11,440,063
Tax Stabilization Fund Withdrawal	5,500,000	11,000,000	5,500,000
Potential Anticipated Revenues	0	0	0
Property Tax Levy	<u>76,260,757</u>	<u>74,364,432</u>	<u>-1,896,325</u>
TOTAL REVENUES	\$467,503,846	\$482,547,584	\$15,043,738
B. EMPLOYEE RETIREMENT			
TOTAL APPROPRIATIONS	\$62,972,527	\$63,770,867	\$798,340
Funding Sources			
Non-Property Tax Revenue	\$27,029,964	\$25,680,658	\$-1,349,306
Property Tax Levy	<u>35,942,563</u>	<u>38,090,209</u>	<u>2,147,646</u>
TOTAL REVENUES	\$62,972,527	\$63,770,867	\$798,340
C. CAPITAL IMPROVEMENTS			
TOTAL CAPITAL IMPROVEMENTS PROGRAM			
Appropriations	\$105,248,389	\$102,842,313	\$-2,406,076
Funding Sources			
1. BORROWING (General Obligation)			
a. New	\$61,181,642	\$63,790,401	\$2,608,759
b. Carryover	(141,432,403)	(58,862,643)	(200,295,046)
2. BORROWING (Tax Incremental Districts)			
a. New	\$19,500,000	\$14,500,000	\$-5,000,000
b. Carryover	(28,234,180)	(14,734,180)	(42,968,360)
3. SPECIAL ASSESSMENTS (Internal Borrowing)			
a. New	\$8,556,910	\$4,936,093	\$-3,620,817
b. Carryover	(12,165,654)	(16,599,821)	(28,765,475)
4. CASH FINANCED			
a. FROM REVENUES			
1. New	\$13,724,000	\$9,600,000	\$-4,124,000
2. Carryover	(0)	(0)	(0)
b. FROM TAX LEVY	<u>2,285,837</u>	<u>10,015,819</u>	<u>7,729,982</u>
c. TOTAL CASH FINANCED	\$16,009,837	\$19,615,819	\$3,605,982
TOTAL REVENUES (CAPITAL IMPROVEMENTS)	\$105,248,389	\$102,842,313	\$-2,406,076
D. CITY DEBT			
TOTAL APPROPRIATIONS	\$113,487,421	\$113,987,651	\$500,230
(Includes borrowing for Milwaukee Public Schools)			

	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Funding Sources			
Revenues	\$30,676,644	\$28,814,582	\$-1,862,062
TID Increments	10,321,613	12,885,445	2,563,832
Special Assessments	0	0	0
Delinquent Tax Revenue	12,998,908	13,371,861	372,953
Property Tax Levy	<u>59,490,256</u>	<u>58,915,763</u>	<u>-574,493</u>
TOTAL REVENUES	\$113,487,421	\$113,987,651	\$500,230
E. DELINQUENT TAX			
TOTAL APPROPRIATIONS	\$1,600,000	\$1,000,000	\$-600,000
Funding Sources			
TOTAL REVENUE (Property Tax Levy)	\$1,600,000	\$1,000,000	\$-600,000
F. COMMON COUNCIL CONTINGENT FUND			
TOTAL APPROPRIATIONS	\$5,000,000	\$5,420,458	\$420,458
Funding Sources			
TOTAL REVENUE (Property Tax Levy)	\$5,000,000	\$5,420,458	\$420,458
SUBTOTALS (ITEMS A THROUGH F)			
CITY BUDGET APPROPRIATIONS	\$755,812,183	\$769,568,873	\$13,756,690
(Excluding Special Revenue Accounts)			
Less: Non-Property Tax Revenues	<u>575,232,770</u>	<u>581,762,192</u>	<u>6,529,422</u>
PROPERTY TAX LEVIES	<u>\$180,579,413</u>	<u>\$187,806,681</u>	<u>\$7,227,268</u>
SPECIAL REVENUE ACCOUNTS (ITEMS G THROUGH M)			
G. PARKING			
TOTAL APPROPRIATIONS	\$46,887,202	\$40,206,098	\$-6,681,104
Funding Sources			
Current Revenues	\$14,000,551	\$15,095,035	\$1,094,484
Capital Improvements from Reserves	5,000,000	5,000,000	0
Withdrawal from Reserves	4,037,361	0	-4,037,361
Citation Revenue and Processing	22,099,290	19,289,063	-2,810,227
New Borrowing	1,750,000	822,000	-928,000
Other Funding (Carryover Borrowing)	(7,912,160)	(0)	(7,912,160)
Property Tax Levy	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	\$46,887,202	\$40,206,098	\$-6,681,104
H. GRANT AND AID			
TOTAL APPROPRIATIONS	\$79,774,019	\$81,534,000	\$1,759,981
Funding Sources			
Grantor Share	\$79,769,019	\$81,534,000	\$1,764,981
Out of Pocket Current Year	5,000	0	-5,000
In Kind-City	0	0	0
Property Tax Levy	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	\$79,774,019	\$81,534,000	\$1,759,981

	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
J. WATER WORKS			
Appropriations			
Operating Budget	\$50,585,439	\$51,889,607	\$1,304,168
Capital Improvements Program	14,275,000	15,050,000	775,000
Debt Service (Principal and Interest)	8,400,000	8,400,000	0
Withdrawal from Retained Earnings	<u>11,575,000</u>	<u>13,850,000</u>	<u>2,275,000</u>
TOTAL APPROPRIATIONS	\$84,835,439	\$89,189,607	\$4,354,168
Funding Sources			
Current Operating Revenues	\$61,239,963	\$64,720,000	\$3,480,037
Non-Operating Revenues	5,217,784	7,401,000	2,183,216
Proceeds from Borrowing	0	0	0
Use of Retained Earnings	18,377,692	17,068,607	-1,309,085
Property Tax Levy	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUES	\$84,835,439	\$89,189,607	\$4,354,168
K. SEWER MAINTENANCE			
Appropriations			
Operating Budget	\$18,085,434	\$25,813,146	\$7,727,712
Capital Improvements Program	<u>15,300,000</u>	<u>17,400,000</u>	<u>2,100,000</u>
TOTAL APPROPRIATIONS	\$33,385,434	\$43,213,146	\$9,827,712
Funding Sources			
Sewer User Fee	\$18,020,434	\$26,358,611	\$8,338,177
Equipment Contribution	0	0	0
Charges for Services	100,000	716,035	616,035
Miscellaneous Revenue	730,000	0	-730,000
Proceeds from Borrowing	<u>14,535,000</u>	<u>16,138,500</u>	<u>1,603,500</u>
TOTAL REVENUES	\$33,385,434	\$43,213,146	\$9,827,712
L. SOLID WASTE			
Appropriations			
Operating Budget	\$35,541,537	\$0	\$-35,541,537
Capital Improvements Program	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL APPROPRIATIONS	\$35,541,537	\$0	\$-35,541,537
Funding Sources			
Solid Waste Fee	\$7,951,900	\$0	\$-7,951,900
City Contribution	27,085,837	0	-27,085,837
Miscellaneous Revenue	<u>503,800</u>	<u>0</u>	<u>-503,800</u>
TOTAL REVENUES	\$35,541,537	\$0	\$-35,541,537
M. COUNTY DELINQUENT TAXES			
Appropriations			
Operating Budget	<u>\$5,650,000</u>	<u>\$5,650,000</u>	<u>\$0</u>
TOTAL APPROPRIATIONS	\$5,650,000	\$5,650,000	\$0
Funding Sources			
Operating Revenue	\$5,650,000	\$5,650,000	\$0
TOTAL REVENUES	\$5,650,000	\$5,650,000	\$0

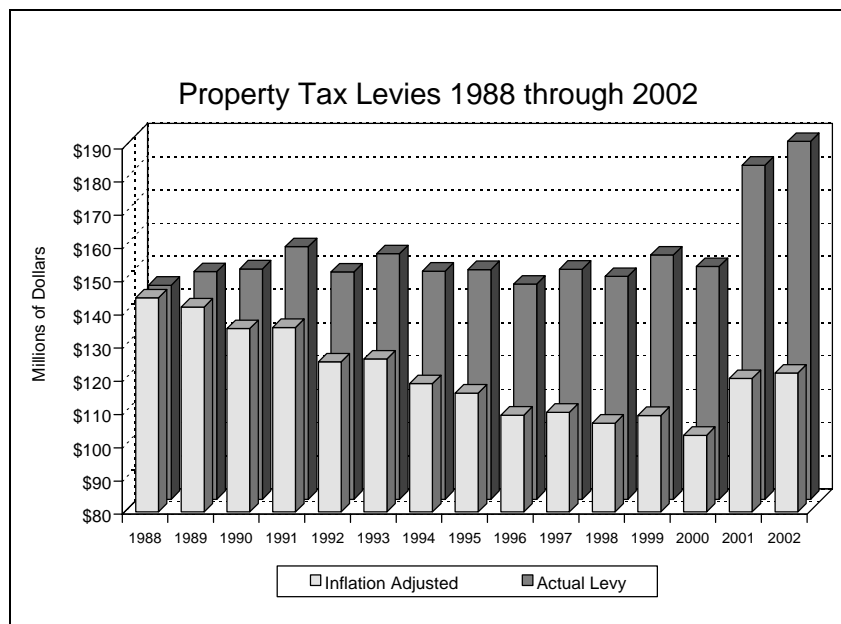
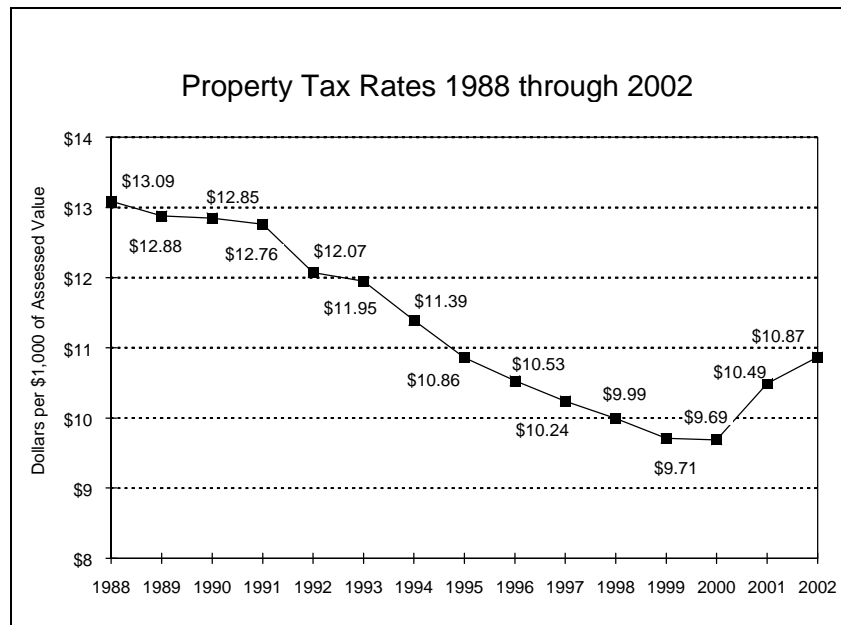
	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
SUBTOTALS SPECIAL REVENUE ACCOUNT BUDGETS (ITEMS G THROUGH M)			
TOTAL BUDGETS	\$286,073,631	\$259,792,851	\$-26,280,780
TOTAL REVENUES (NON-PROPERTY TAX)	\$286,073,631	\$259,792,851	\$-26,280,780
GRAND TOTALS (ITEMS A THROUGH M)			
BUDGET APPROPRIATIONS	\$1,041,885,814	\$1,029,361,724	\$-12,524,090
LESS: NON-PROPERTY TAX REVENUES	\$861,306,401	\$841,555,043	\$-19,751,358
PROPERTY TAX LEVIES	\$180,579,413	\$187,806,681	\$7,227,268

NOTE: All adopted budgets for the governmental funds are prepared in accordance with the modified accrual basis of accounting, except for the treatment of the fund balance reserved for tax stabilization. For budget purposes, the fund balance reserved for tax stabilization is reflected as other financing sources. However, for accounting purposes it is reflected as part of the overall fund balance.

PROPERTY TAX RATE AND LEVY COMPARISON

The graphs below show property tax rates and levies for the City of Milwaukee from 1988 through 2002. The 2002 tax rate of \$10.87 is \$0.38 higher than the 2001 rate of \$10.49. The 2002 tax levy of \$187.8 million totals an increase of \$7.2 million from the 2001 levy of \$180.6 million. This increase reflects a persistent loss of state shared revenues and increases in

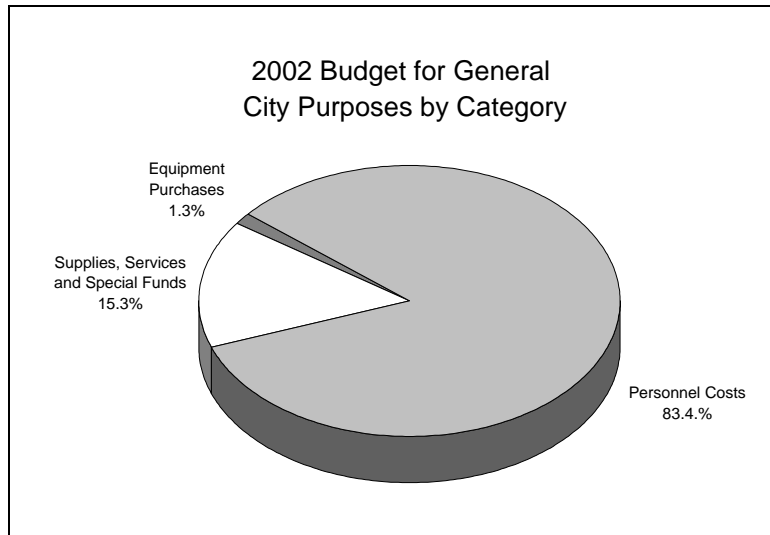
both salary settlements and health care costs that exceed the rate of inflation. Since 1988, the property tax rate has decreased by \$2.22, from \$13.09 in 1988 to the 2002 rate of \$10.87. During this same period, the “real” or inflation adjusted property tax levy has fallen by \$22.5 million.



GENERAL CITY PURPOSES SPENDING

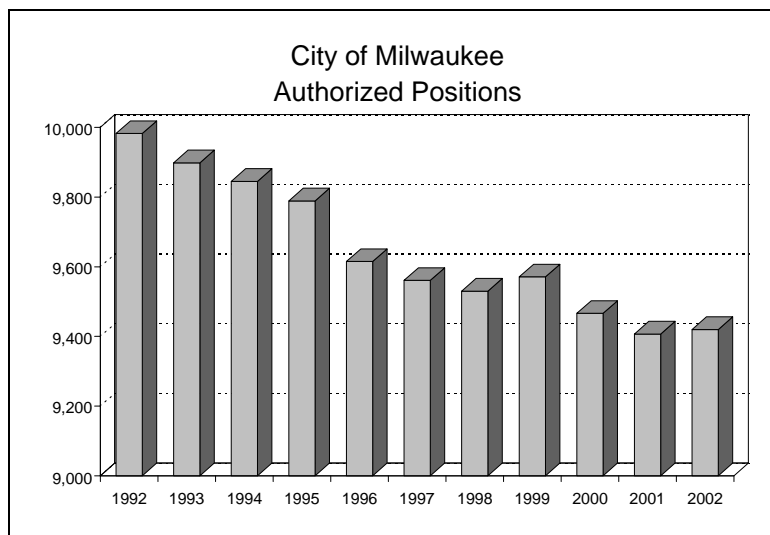
The pie chart below depicts the proportions of general city purposes spending allocated to Personnel Costs (83.4%); Supplies, Services, and Special Funds (15.3%); and Equipment Purchases (1.3%) in the 2002 budget.

The 2002 budget funds approximately \$8.0 million of major equipment purchases in the capital budget. If these funds were included in the general city purposes budget, the percentages for the categories would be the following: Personnel Costs 82.0%, Supplies, Services and Special Funds 15.1% and Equipment Purchases 2.9%.



The following bar graph indicates changes in authorized positions from 1992 to 2002. Funding for personnel costs (which include salary and wage) relates directly to the number of positions authorized

citywide. Excluding temporary and seasonal staff, the 2002 budget reflects a net increase of 13 positions from 2001 levels (9,407 in 2001 to 9,420 in 2002).



Note: The 2002 authorized positions include the civilianization of the police dispatching functions and the creation of 21 Police Dispatchers.

CHANGE IN POSITIONS 2002 ADOPTED BUDGET VS 2001 ADOPTED BUDGET

	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
GENERAL CITY PURPOSES			
Administration, Department of	135	132	-3
Assessor's Office	69	70	1
Attorney, City	67	67	0
Common Council - City Clerk	109	109	0
City Development, Department of	287	271	-16
Comptroller	68	68	0
Court, Municipal	55	55	0
Debt Commission, Public	5	5	0
Election Commission	1,345	110	-1,235
Employee Relations, Department of	84	84	0
Fire Department	1,148	1,148	0
Fire and Police Commission	16	17	1
Health	368	377	9
Library	447	449	2
Mayor's Office	22	23	1
Neighborhood Services, Department of	280	288	8
Police Department	2,920	2,952	32
Port of Milwaukee	35	35	0
Public Works, Department of (Total)	(2,349)	(3,430)	(1,081)
DPW-Administrative Services	73	71	-2
DPW-Buildings and Fleet	1,178	0	-1,178
DPW-Forestry	312	0	-312
DPW-Infrastructure Services	786	783	-3
DPW-Operations	0	2,576	2,576
DPW-Sanitation	0	0	0
SPA-Board of Zoning Appeals	11	11	0
SPA-Deferred Compensation	2	0	-2
SPA-Intern Program	8	8	0
Treasurer, City	67	65	-2
GENERAL CITY PURPOSES TOTAL	9,897	9,774	-123
*GENERAL CITY PURPOSES TOTAL	8,559	9,671	1,112
PENSIONS			
Employees' Retirement System	38	40	2
Deferred Compensation	0	2	2
Policemen's Annuity and Benefit Fund	1	1	0
PENSIONS TOTAL	39	43	4
Parking Fund	125	128	3
Water Works	400	388	-12
Solid Waste Fund	1,096	0	-1,096
Sewer Maintenance Fund	191	193	2
SUB-TOTAL BUDGETED POSITIONS	11,748	10,526	-1,222
Less Temporary Positions	2,341	1,106	-1,235
TOTAL BUDGETED POSITIONS	9,407	9,420	13

* Does not include Election Commissioners and Election Commission Temporary Office Assistants (103 positions in 2002) due to staffing fluctuations between election and non-election years.

ESTIMATED FULL-TIME EQUIVALENTS BY DEPARTMENT O & M FUNDED

	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Administration, Department of	86.00	81.60	-4.40
Assessor's Office	61.87	61.33	-0.54
Attorney, City	60.96	58.96	-2.00
City Development	60.86	59.45	-1.41
Common Council-City Clerk	103.39	102.40	-0.99
Comptroller	56.07	57.17	1.10
Court, Municipal	43.12	44.00	0.88
Debt Commission, Public	2.00	2.00	0.00
Election Commission*	6.00	7.00	1.00
Employee Relations, Department of	65.84	65.00	-0.84
Fire and Police Commission	10.40	11.65	1.25
Fire Department	1,144.25	1,148.13	3.88
Health	223.75	217.07	-6.68
Library	350.65	353.75	3.10
Mayor's Office	15.78	14.78	-1.00
Neighborhood Services, Department of	172.28	169.28	-3.00
Police Department	2,637.48	2,668.73	31.25
Port of Milwaukee	20.00	20.00	0.00
Public Works, Department of (Total)	(902.92)	(1,267.90)	(364.98)
DPW-Administrative Services	58.90	58.40	-0.50
DPW- Buildings and Fleet	409.32	0.00	-409.32
DPW-Forestry	168.21	0.00	-168.21
DPW-Infrastructure Services	266.49	262.71	-3.78
DPW-Operations	0.00	946.79	946.79
DPW-Sanitation	0.00	0.00	0.00
Special Purpose Accounts	7.30	5.60	-1.70
Treasurer, City	36.18	36.54	0.36
TOTAL	6,067.10	6,452.34	385.24
PENSIONS			
Employees' Retirement System	35.00	38.00	3.00
Deferred Compensation	0.00	2.00	2.00
Policemen's Annuity and Benefit Fund			
Administration	0.54	0.59	0.05
TOTAL	35.54	40.59	5.05
Parking	123.25	126.25	3.00
Sewer Maintenance Fund	96.95	99.95	3.00
Solid Waste Fund	387.71	0.00	-387.71
Water Works	392.30	385.09	-7.21
GRAND TOTAL	7,102.85	7,104.22	1.37

* Election Commission does not include Temporary Office Assistants (10.73 FTEs 2002) due to staffing fluctuations between election and non-election years.

ESTIMATED DIRECT LABOR HOURS BY DEPARTMENT O & M FUNDED

	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Administration, Department of	153,900	146,880	-7,020
Assessor's Office	111,368	110,394	-974
Attorney, City	109,721	106,121	-3,600
City Development	109,548	107,010	-2,538
Common Council-City Clerk	184,338	184,320	-18
Comptroller	98,114	102,906	4,792
Court, Municipal	74,529	79,200	4,671
Debt Commission, Public	3,512	3,464	-48
Election Commission*	10,800	12,600	1,800
Employee Relations, Department of	114,286	117,000	2,714
Fire and Police Commission	18,720	20,970	2,250
Fire Department	2,585,118	2,569,247	-15,871
Health	402,750	390,726	-12,024
Library	627,632	636,750	9,118
Mayor's Office	29,439	26,604	-2,835
Neighborhood Services, Department of	310,110	304,704	-5,406
Police Department	4,351,842	4,403,255	51,413
Port of Milwaukee	43,680	43,680	0
Public Works, Department of (Total)	(1,619,065)	(2,271,612)	(652,547)
DPW-Administrative Services	106,020	105,120	-900
DPW- Buildings and Fleet	725,532	0	-725,532
DPW-Forestry	300,078	0	-300,078
DPW-Infrastructure Services	487,435	472,878	-14,557
DPW-Operations	0	1,693,614	1,693,614
DPW-Sanitation	0	0	0
Special Purpose Accounts	12,692	10,080	-2,612
Treasurer, City	65,124	65,766	642
TOTAL	11,036,288	11,713,289	677,001
PENSIONS			
Employees' Retirement System	63,000	69,000	6,000
Deferred Compensation	0	3,600	3,600
Policemen's Annuity and Benefit Fund			
Administration	978	1,066	88
TOTAL	63,978	73,666	9,688
Parking	221,850	227,250	5,400
Sewer Maintenance Fund	174,510	178,110	3,600
Solid Waste Fund	697,878	0	-697,878
Water Works	671,610	660,660	-10,950
GRAND TOTAL	12,866,114	12,852,975	-13,139

* Election Commission does not include Temporary Office Assistants (19,314 DLHs 2002) due to staffing fluctuations between election and non-election years.

**COMPARISON OF 2002 ADOPTED EXPENDITURES AND FUNDING SOURCE
WITH PRIOR YEARS, BY MAJOR BUDGET SECTIONS AND SUBSECTION**

SECTION 1. CITY BUDGET UNDER THE CONTROL OF THE COMMON COUNCIL

	1999 ACTUAL** EXPENDITURES	2000 ACTUAL** EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	2002 ADOPTED VERSUS 2001 ADOPTED
A. GENERAL CITY PURPOSES					
1. BUDGETS FOR GENERAL CITY PURPOSES					
Administration, Department of	\$3,228,684	\$9,022,911	\$8,619,407	\$8,688,007	\$68,600
Assessor's Office	4,439,380	4,454,378	4,018,451	4,766,666	748,215
Attorney, City	5,603,326	5,756,187	5,821,012	6,130,255	309,243
City Development, Department of	4,704,665	4,815,447	4,499,475	4,538,063	38,588
Common Council-City Clerk	6,890,587	7,155,076	7,249,557	7,664,038	414,481
Comptroller	4,366,629	3,862,798	4,253,105	4,853,936	600,831
Court, Municipal	3,051,231	3,313,239	3,200,315	3,434,842	234,527
Debt Commission, Public	492,355	499,412	567,012	597,208	30,196
Election Commission	983,184	1,557,010	999,485	1,688,703	689,218
Employee Relations, Department of	4,285,248	4,378,985	4,183,115	4,616,631	433,516
Fire and Police Commission	880,101	990,539	976,738	1,109,337	132,599
Fire Department	78,490,653	85,213,932	81,196,723	79,607,836	-1,588,887
Health Department	13,843,447	13,809,789	13,610,033	14,347,576	737,543
Library Board	20,058,588	21,085,034	20,480,576	21,461,849	981,273
Mayor's Office	1,163,477	1,219,687	1,198,280	1,236,200	37,920
Neighborhood Services, Department of	11,898,857	12,576,500	11,888,628	12,820,390	931,762
Police Department	154,206,661	174,046,835	164,233,272	166,448,059	2,214,787
Port of Milwaukee	1,980,854	2,296,238	2,226,008	3,293,885	1,067,877
Public Works Department: (Total)	(107,862,638)	(115,561,083)	(69,609,799)	(109,197,808)	(-39,588,009)
Administrative Services	8,435,018	7,253,338	4,382,776	4,976,350	593,574
Buildings and Fleet	35,307,883	38,626,751	34,472,881	0	-34,472,881
Forestry	9,535,467	10,011,985	9,867,589	0	-9,867,589
Infrastructure Services	23,145,603	23,519,051	20,886,553	22,994,302	2,107,749
Sanitation	31,438,667	36,149,958	0	0	0
Operations	0	0	0	81,227,156	81,227,156
Special Purpose Accounts	76,647,392 *	85,530,631 *	137,006,529	116,749,497	-20,257,032
Treasurer, City	2,797,078	2,658,173	2,967,821	3,126,900	159,079
Fringe Benefit Offset	<u>-72,556,232</u>	<u>-86,887,553</u>	<u>-81,301,495</u>	<u>-93,830,102</u>	<u>-12,528,607</u>
TOTAL BUDGETS FOR GENERAL CITY PURPOSES	\$435,318,803 **	\$472,916,331 **	\$467,503,846	\$482,547,584	\$15,043,738
* Special Purpose Account expenditures do not include wage supplement funding. These funds are reflected in departmental expenditures					
* 1999 Special Purpose Account expenditures have been adjusted to reflect Delinquent County Tax transfers					
2. SOURCE OF FUNDS FOR GENERAL CITY PURPOSES (REVENUES)					
Taxes and Payment in Lieu of Taxes	\$10,282,252	\$12,807,594	\$12,112,600	\$12,039,500	\$-73,100
Licenses and Permits	8,996,140	10,154,533	8,816,900	9,558,026	741,126
Intergovernmental Revenue	277,884,104	278,433,471	278,731,700	282,750,300	4,018,600
Charges for Services	37,076,562	35,671,451	33,636,623	54,279,480	20,642,857
Fines and Forfeitures	17,694,533	4,953,082	5,510,000	4,420,000	-1,090,000
Miscellaneous Revenue	8,862,513	29,474,455	26,301,385	18,925,846	-7,375,539
Fringe Benefits	15,276,761	15,172,751	20,623,881	15,200,000	-5,423,881
Cost Recovery	<u>4,903</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
TOTAL REVENUES	\$376,077,768	\$386,667,337	\$385,743,089	\$397,183,152	\$11,440,063
Tax Stabilization Fund Withdrawals	\$12,820,000	\$11,250,000	\$5,500,000	\$11,000,000	\$5,500,000
Property Tax Levy	<u>53,963,328</u>	<u>55,385,058</u>	<u>76,260,757</u>	<u>74,364,432</u>	<u>-1,896,325</u>
TOTAL FINANCING FOR GENERAL CITY PURPOSES	\$442,861,096	\$453,302,395	\$467,503,846	\$482,547,584	\$15,043,738
B. EMPLOYEE RETIREMENT					
1. BUDGETS FOR EMPLOYEE RETIREMENT					
FIREMEN'S PENSION FUND					
Pension Contribution	\$270,657	\$262,227	\$271,000	\$263,000	\$-8,000
Lump-Sum Supplement Contribution	0	0	1,104,651	0	-1,104,651
POLICEMEN'S PENSION FUND					
Pension Contribution	\$344,042	\$100,944	\$229,109	\$345,405	\$116,296
Administration	97,732	100,278	110,300	117,647	7,347
Employer's Share of Employees' Annuity Contribution	3,915	4,413	7,554	7,554	0
Lump-Sum Supplement Contribution	0	0	1,395,349	150,000	-1,245,349

	1999 ACTUAL** EXPENDITURES	2000 ACTUAL** EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	2002 ADOPTED VERSUS 2001 ADOPTED
EMPLOYEE'S RETIREMENT FUND					
Pension Contribution	\$285,230	\$193,000	\$0	\$0	\$0
Administration	4,175,001	11,748,477	24,112,175	24,142,032	29,857
Employer's Share of Employees Annuity Contribution	19,042,596	21,045,138	17,702,290	21,077,280	3,374,990
Annuity Contribution - Employers' Reserve Fund	0	0	2,500,000	1,000,000	-1,500,000
SOCIAL SECURITY					
Social Security Tax	\$14,510,416	\$15,328,772	\$15,394,100	\$15,439,720	\$45,620
FORMER TOWN OF LAKE EMPLOYEES RETIREMENT FUND					
Pension Contribution	\$17,634	\$34,015	\$114,799	\$114,799	\$0
FORMER TOWN OF LAKE EMPLOYEES RETIREMENT FUND					
Pension Contribution	\$31,191	\$31,191	\$31,200	\$27,675	\$-3,525
DEFERRED COMPENSATION					
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,085,755</u>	<u>\$1,085,755</u>
TOTAL BUDGETS FOR EMPLOYEE RETIREMENT	\$38,778,414 **	\$48,848,455 **	\$62,972,527	\$63,770,867	\$798,340
2. SOURCE OF FUNDS FOR EMPLOYEE RETIREMENT					
Charges to Other Governmental Units	\$4,331,959	\$0	\$0	\$0	\$0
Fringe Benefits - Pension	250,879	352,190	540,789	643,903	103,114
Charges to Retirement Fund	0	11,669,946	23,989,175	25,036,755	1,047,580
Employers' Reserve Fund	0	0	2,500,000	0	-2,500,000
Property Tax Levy	<u>34,195,577</u>	<u>36,670,849</u>	<u>35,942,563</u>	<u>38,090,209</u>	<u>2,147,646</u>
TOTAL FINANCING FOR EMPLOYEE RETIREMENT	\$38,778,415	\$48,692,985	\$62,972,527	\$63,770,867	\$798,340
C. CAPITAL IMPROVEMENTS					
1. BUDGETS FOR CAPITAL IMPROVEMENTS					
Special Capital Projects or Purposes	\$10,727,834	\$4,456,883	\$17,355,062	\$14,880,000	\$-2,475,062
Administration, Department of	0	0	737,150	324,945	-412,205
Attorney, City	0	6,119	0	352,000	352,000
City Development, Department of	12,422,478	8,434,215	24,200,000	17,850,000	-6,350,000
Common Council - City Clerk	22,461	0	69,000	0	-69,000
Court, Municipal	105,356	27,427	0	2,730,000	2,730,000
Fire Department	412,512	136,985	3,789,900	130,900	-3,659,000
Health Department	1,006,036	505,173	629,200	3,415,000	2,785,800
Library Board	1,570,283	2,620,569	3,460,000	1,833,900	-1,626,100
Neighborhood Services, Department of	3,002	1,482,578	2,057,000	2,949,990	892,990
Police Department	4,113,525	15,680,711	9,693,544	9,862,914	169,370
Port of Milwaukee	1,250,520	421,820	725,000	785,000	60,000
Department of Public Works (Total):	(62,517,782)	(40,337,999)	(42,532,533)	(47,727,664)	(5,195,131)
Administration	1,064,872	360,195	600,000	5,621,000	5,021,000
Buildings and Fleet	5,416,588	4,485,353	6,587,000	0	-6,587,000
Forestry	2,329,507	1,164,233	968,000	0	-968,000
Infrastructure	52,877,284	34,275,586	32,790,533	28,706,602	-4,083,931
Sanitation	829,531	52,632	1,587,000	0	-1,587,000
Operations	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,400,062</u>	<u>13,400,062</u>
TOTAL BUDGETS FOR CAPITAL IMPROVEMENTS Other than					
Parking, Water Department and Sewer Maintenance	\$94,151,789 **	\$74,110,479 **	\$105,248,389	\$102,842,313	\$-2,406,076
2. SOURCE OF FUNDS FOR CAPITAL IMPROVEMENTS					
General Obligation Borrowings					
New Borrowing	\$65,948,731	\$56,768,038	\$61,181,642	\$63,790,401	\$2,608,759
Carryover Borrowing	0 (a)	0 (a)	141,432,403 (a)	58,862,643 (a)	-82,569,760 (a)

	1999 ACTUAL** EXPENDITURES	2000 ACTUAL** EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	2002 ADOPTED VERSUS 2001 ADOPTED
Tax Increment District - Public Improvements					
New Borrowing	7,275,689	5,599,593	19,500,000	14,500,000	-5,000,000
Carryover Borrowing	0 (a)	0 (a)	28,234,180 (a)	14,734,180 (a)	-13,500,000 (a)
Anticipated Special Assessments					
New Authorizations	9,340,064	2,973,426	8,556,910	4,936,093	-3,620,817
Carryover Special Assessments	0 (a)	0 (a)	12,165,654 (a)	16,599,821 (a)	4,434,167 (a)
Capital Improvement Revenues					
Cash Revenues	7,995,326	4,837,832	13,724,000	9,600,000	-4,124,000
Carryover Capital Revenues	0 (a)	0 (a)	0 (a)	0 (a)	0 (a)
Property Tax Levy	<u>3,591,980</u>	<u>3,931,590</u>	<u>2,285,837</u>	<u>10,015,819</u>	<u>7,729,982</u>
TOTAL BUDGETS FOR CAPITAL IMPROVEMENTS Other than					
Parking, Water Department and Sewer Maintenance	\$94,151,790 *	\$74,110,479 *	\$105,248,389	\$102,842,313	\$-2,406,076

(a) Reiteration of prior year's authority does not affect budget totals.

* Does not include School Board expenditures.

D. CITY DEBT (INCLUDING SCHOOL PURPOSES)

1. BUDGET FOR CITY DEBT

Bonded Debt (Principal)	\$63,072,708	\$67,296,167	\$73,643,607	\$78,416,463	\$4,772,856
Bonded Debt (Interest)	<u>35,294,418</u>	<u>39,303,938</u>	<u>43,375,229</u>	<u>40,475,370</u>	<u>-2,899,859</u>
Subtotal	\$98,367,126	\$106,600,105	\$117,018,836	\$118,891,833	\$1,872,997
LESS: Prepayment					
Prepayment Deduction (PDAF)					
Special Assessment	<u>\$-3,195,919</u>	<u>\$-3,291,055</u>	<u>\$-3,531,415</u>	<u>\$-4,904,182</u>	<u>\$-1,372,767</u>
TOTAL BUDGET FOR CITY DEBT (a)	\$95,171,207 **	\$103,309,050 **	\$113,487,421	\$113,987,651	\$500,230

(a) Included in City Debt amounts above are the following amounts for school purposes, not controlled by Common Council:

	Milwaukee School Board
1999	\$12,057,347
2000	\$13,527,167
2001	\$14,720,585 (est.)
2002	\$14,104,261 (est.)

2. SOURCE OF FUNDS FOR CITY DEBT

Revenues	\$30,840,339	\$29,575,439	\$30,676,644	\$28,814,582	\$-1,862,062
TID Increments from Prior Year	6,937,403	14,946,890	10,321,613	12,885,445	2,563,832
Special Assessments	0	0	0	0	0
Delinquent Tax Revenues	11,088,318	12,350,890	12,998,908	13,371,861	372,953
Property Tax Levy	<u>50,443,483</u>	<u>48,973,382</u>	<u>59,490,256</u>	<u>58,915,763</u>	<u>-574,493</u>
TOTAL FINANCING FOR CITY DEBT	\$99,309,543	\$105,846,601	\$113,487,421	\$113,987,651	\$500,230

E. DELINQUENT TAX

1. BUDGET FOR DELINQUENT TAX

Delinquent Tax Fund	\$1,400,000	\$1,400,000	\$1,600,000	\$1,000,000	\$-600,000
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2. SOURCE OF FUNDS FOR DELINQUENT TAX

Property Tax Levy	\$1,400,000	\$1,400,000	\$1,600,000	\$1,000,000	\$-600,000
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F. COMMON COUNCIL CONTINGENT FUND

1. BUDGET FOR COMMON COUNCIL CONTINGENT FUND

Common Council Contingent Fund	(\$5,286,242) *	(5,000,000) *	\$5,000,000	\$5,420,458	\$420,458
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2. SOURCE OF FUNDS FOR COMMON COUNCIL CONTINGENT FUND

Property Tax Levy	\$5,400,000	5,000,000	\$5,000,000	\$5,420,458	\$420,458
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*1999 and 2000 experience shown for informational purposes only.

Expenditure experience represents transfers and expenditures authorized by resolution

SUBTOTAL BUDGET AUTHORIZATIONS - COMMON COUNCIL CONTROLLED PURPOSES

(Except Water and Special Revenue Accounts)	\$664,820,213	\$695,584,315	\$755,812,183	\$769,568,873	\$13,756,690
Non-Tax Levy	532,906,476	536,991,581	575,232,770	581,762,192	6,529,422
Tax Levy	<u>148,994,368</u>	<u>151,360,879</u>	<u>180,579,413</u>	<u>187,806,681</u>	<u>7,227,268</u>

SUBTOTAL FINANCING FOR (ESTIMATED REVENUES) - COMMON COUNCIL CONTROLLED BUDGETS

(Except Water and Special Accounts)	\$681,900,844	\$688,352,460	\$755,812,183	\$769,568,873	\$13,756,690
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	1999 ACTUAL** EXPENDITURES	2000 ACTUAL** EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	2002 ADOPTED VERSUS 2001 ADOPTED
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SPECIAL REVENUE ACCOUNTS SECTIONS G THROUGH M

G. PARKING

1. BUDGET FOR PARKING PROGRAM

Operating and Maintenance Expense	\$12,221,036	\$16,993,245	\$25,096,117	\$25,230,266	\$134,149
Transfer to General Fund	0	0	15,041,085	8,250,000	-6,791,085
Deposit to Retained Earnings	0	0	0	903,832	903,832
Capital Improvement Program	7,957,877	0	1,750,000	822,000	-928,000
Addition to Parking Reserves - Capital	1,277,564	0	0		0
Capital Improvements to be Financed from Available Cash Reserves	<u>0</u>	<u>3,775,655</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>0</u>

TOTAL BUDGET FOR PARKING

\$21,456,477 **	\$20,768,900 **	\$46,887,202	\$40,206,098	\$-6,681,104
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2. SOURCE OF FUNDS FOR PARKING PROGRAM

Parking Permits	\$1,368,754	\$1,302,964	\$1,362,300	\$1,778,000	\$415,700
Meters	3,142,270	3,492,430	3,465,000	3,660,656	195,656
Rental and Lease of Facilities	5,948,530	5,960,903	6,176,823	6,344,379	167,556
Towing of Vehicles	1,720,747	1,734,504	1,671,172	1,875,000	203,828
Miscellaneous	<u>1,318,299</u>	<u>1,480,870</u>	<u>1,325,256</u>	<u>1,437,000</u>	<u>111,744</u>
Financing of Parking Operations - Subtotal	\$13,498,600	\$13,971,671	\$14,000,551	\$15,095,035	\$1,094,484
Other Funding Sources:					
Withdrawal from Reserves	\$0	\$840,382	\$4,037,361	\$0	\$-4,037,361
Citation Processing Services	0	0	358,200	370,800	12,600
Citation Revenue	0	0	21,741,090	18,918,263	-2,822,827
Parking Enforcement Offset	0	2,281,681	0	0	0
Loss on Sale	0	-100,489	0	0	0
Capital Improvements to be Financed from Available:					
Cash Reserves	\$1,324,717	\$0	\$5,000,000	\$5,000,000	\$0
New Borrowing	6,633,160	0	1,750,000	822,000	-928,000
Carryover Borrowing	0	0	7,912,160 (a)	0 (a)	-7,912,160 (a)
Experience Adjustment	0	0	0	0	0
Other Funding Sources - Subtotal	7,957,877	3,021,574	32,886,651	25,111,063	-7,775,588
Property Tax Levy	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

TOTAL FINANCING FOR PARKING

\$21,456,477	\$16,993,245	\$46,887,202	\$40,206,098	\$-6,681,104
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(a) Reiteration of prior year's authority does not affect budget totals.

H. GRANT AND AID PROJECTS (EXCEPT CAPITAL)

1. BUDGET FOR GRANT AND AID PROJECTS

Grantor Share (Non-City)	\$59,263,288	\$61,401,883	\$79,769,019	\$81,534,000	\$1,764,981
Out of Pocket City Share (Current Tax Levy)	0	0	5,000	0	-5,000
In-Kind City Share	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

TOTAL FOR GRANT AND AID PROJECTS

(Except Capital)	\$59,263,288	\$61,401,883	\$79,774,019	\$81,534,000	\$1,759,981
Less In-Kind City Share	0	0	0	0	0

TOTAL FOR GRANT AND AID

\$59,263,288 **	\$61,401,883 **	\$79,774,019	\$81,534,000	\$1,759,981
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2. SOURCE OF FUNDS FOR GRANT AND AID PROJECTS

Grantor Share (Non-City)	\$59,263,288	\$61,401,883	\$79,769,019	\$81,534,000	\$1,764,981
Out of Pocket City Share	0	0	5,000	0	-5,000
In-Kind City Share	0	0	0	0	0
Property Tax Levy	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

TOTAL FINANCING FOR GRANT AND AID PROJECTS (EXCEPT CAPITAL)

\$59,263,288	\$61,401,883	\$79,774,019	\$81,534,000	\$1,759,981
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I. INTERNAL SERVICE AGENCIES

1. BUDGETS FOR INTERNAL SERVICE AGENCIES

DOA - Central Services Division	\$6,076,352	\$0	\$0	\$0	\$0
DER - Training Section	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

TOTAL BUDGETS FOR INTERNAL SERVICE AGENCIES

\$6,076,352 **	\$0 **	\$0	\$0	\$0
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	1999 ACTUAL** EXPENDITURES	2000 ACTUAL** EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	2002 ADOPTED VERSUS 2001 ADOPTED
2. SOURCE OF FUNDS FOR INTERNAL SERVICE AGENCIES					
Charges for Services of:					
DOA - Central Services Division	\$6,076,352	\$0	\$0	\$0	\$0
DER - Training Section	0	0	0	0	0
Property Tax Levy	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FINANCING FOR INTERNAL SERVICE AGENCIES	\$6,076,352	\$0	\$0	\$0	\$0
J. WATER WORKS					
1. BUDGET FOR WATER WORKS-DEPARTMENT OF PUBLIC WORKS					
Operating Budget	\$66,597,069	\$56,625,231	\$58,985,439	\$60,289,607	\$1,304,168
Capital Improvements Program	14,387,334	8,496,700	14,275,000	15,050,000	775,000
Debt Service (Principal and Interest)	0	0	0	0	0
Deposits to Special Accounts (Retained Earnings)	<u>8,625,000</u>	<u>10,245,000</u>	<u>11,575,000</u>	<u>13,850,000</u>	<u>2,275,000</u>
TOTAL EXPENDITURES AND DEPOSITS	\$89,609,403 **	\$75,366,931 **	\$84,835,439	\$89,189,607	\$4,354,168
2. SOURCE OF FUNDS FOR WATER WORKS					
Operating Revenue	\$58,716,043	\$66,241,638	\$61,239,963	\$64,720,000	\$3,480,037
Non-Operating Revenue	1,456,296	1,817,675	5,217,784	17,068,607	11,850,823
Retained Earnings	16,750,839	7,307,618	18,377,692	7,401,000	-10,976,692
Proceeds from Borrowing	12,686,225	0	0	0	0
Property Tax Levy	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL SOURCE OF FUNDS FOR WATER WORKS	\$89,609,403	\$75,366,931	\$84,835,439	\$89,189,607	\$4,354,168
K. SEWER MAINTENANCE					
1. BUDGET FOR SEWER MAINTENANCE					
Operating Budget	\$8,895,942	\$19,232,743	\$18,085,434	\$25,813,146	\$7,727,712
Capital Budget	<u>0</u>	<u>0</u>	<u>15,300,000</u>	<u>17,400,000</u>	<u>2,100,000</u>
TOTAL SOURCE OF FUNDS FOR MAINTENANCE	\$8,895,942 **	\$19,232,743 **	\$33,385,434	\$43,213,146	\$9,827,712
2. SOURCE OF FUNDS FOR SEWER MAINTENANCE					
Sewer User Fee	\$8,910,829	\$14,764,766	\$18,020,434	\$26,358,611	\$8,338,177
Equipment Contribution	18,503	0	0	0	0
Charges for Services	15,308	100,034	100,000	716,035	616,035
Plat and Plan Review	26,402	0	0	0	0
Miscellaneous Revenue	26,197	717,058	730,000	0	-730,000
Proceeds from Borrowing	<u>0</u>	<u>3,650,885</u>	<u>14,535,000</u>	<u>16,138,500</u>	<u>1,603,500</u>
TOTAL SOURCE OF FUNDS FOR MAINTENANCE	\$8,997,239	\$19,232,743	\$33,385,434	\$43,213,146	\$9,827,712
L. SOLID WASTE FUND					
1. BUDGET FOR SOLID WASTE FUND					
Operating Budget	<u>\$0</u>	<u>\$0</u>	<u>\$35,541,537</u>	<u>\$0</u>	<u>\$-35,541,537</u>
TOTAL BUDGET FOR SOLID WASTE FUND	\$0	\$0	\$35,541,537	\$0	\$-35,541,537
2. SOURCE OF FUNDS FOR SOLID WASTE FUND					
City Contribution	\$0	\$0	\$27,085,837	\$0	\$-27,085,837
Other Miscellaneous Revenue	0	0	503,800	0	-503,800
Solid Waste Fee	<u>0</u>	<u>0</u>	<u>7,951,900</u>	<u>0</u>	<u>-7,951,900</u>
TOTAL SOURCE OF FUNDS FOR SOLID WASTE FUND	\$0	\$0	\$35,541,537	\$0	\$-35,541,537
M. DELINQUENT COUNTY TAXES					
1. BUDGET FOR DELINQUENT COUNTY TAXES					
Delinquent County Taxes and Tax Certificate Purchases	<u>\$0</u>	<u>\$0</u>	<u>\$5,650,000</u>	<u>\$5,650,000</u>	<u>\$0</u>
TOTAL BUDGET FOR DELINQUENT COUNTY TAXES	\$0	\$0	\$5,650,000	\$5,650,000	\$0
2. SOURCE OF FUNDS FOR DELINQUENT COUNTY TAXES					
Purchase of Milwaukee County Delinquent Taxes	\$0	\$0	\$5,650,000	\$5,650,000	\$0
TOTAL SOURCE OF FUNDS FOR DELINQUENT COUNTY TAXES	\$0	\$0	\$5,650,000	\$5,650,000	\$0

	1999 ACTUAL** EXPENDITURES	2000 ACTUAL** EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	2002 ADOPTED VERSUS 2001 ADOPTED
SUBTOTAL BUDGET AUTHORIZATION FOR SPECIAL REVENUE ACCOUNTS					
	\$185,301,462	\$176,770,457	\$286,073,631	\$259,792,851	(\$26,280,780)
SUBTOTAL ESTIMATED REVENUES FOR SPECIAL REVENUE ACCOUNTS					
	\$185,402,759	\$172,994,802	\$286,073,631	\$259,792,851	(\$26,280,780)
TOTAL ALL BUDGETS UNDER THE CONTROL OF THE COMMON COUNCIL (Includes Water and Special Revenue Accounts)					
	\$850,121,675	\$872,354,772	\$1,041,885,814	\$1,029,361,724	\$-12,524,090
TOTAL FINANCING REVENUES OF BUDGETS UNDER THE CONTROL OF THE COMMON COUNCIL (Includes Water and Special Revenue Accounts)					
	\$867,303,603	\$861,347,262	\$1,041,885,814	\$1,029,361,724	\$-12,524,090

** Expenditures include funding carried over from prior years.

SECTION II. SUMMARY OF BORROWING AUTHORIZATIONS (INCLUDING SCHOOL PURPOSES)

	2000	2001	2002
General Obligation Bonds or Short-Term Notes			
New Borrowing			
General City Purposes	\$63,526,453	\$62,931,642	\$64,612,401
Schools	<u>17,000,000</u>	<u>17,000,000</u>	<u>12,000,000</u>
Subtotal New Borrowing	\$80,526,453	\$79,931,642	\$76,612,401
Carryover Borrowing*	<u>(122,087,702)</u>	<u>(194,389,563)</u>	<u>(60,045,643)</u>
SUBTOTAL	\$80,526,453	\$79,931,642	\$76,612,401
Special Assessment Borrowing			
New Borrowing	\$3,827,923	\$8,556,910	\$4,936,093
Carryover Borrowing*	<u>(12,178,725)</u>	<u>(12,165,654)</u>	<u>(16,599,821)</u>
SUBTOTAL	\$3,827,923	\$8,556,910	\$4,936,093
Contingency Borrowing			
New Borrowing	\$45,000,000	\$75,000,000	\$30,000,000
Carryover Borrowing*	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
SUBTOTAL	\$45,000,000	\$75,000,000	\$30,000,000
Tax Incremental District Borrowing			
New Borrowing	\$8,000,000	\$19,500,000	\$14,500,000
Carryover Borrowing*	<u>(20,234,180)</u>	<u>(28,234,180)</u>	<u>(14,734,180)</u>
SUBTOTAL	\$8,000,000	\$19,500,000	\$14,500,000
Delinquent Taxes Borrowing			
New Borrowing	\$15,000,000	\$15,000,000	\$15,000,000
Carryover Borrowing*	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
SUBTOTAL	\$15,000,000	\$15,000,000	\$15,000,000
Revenue Anticipation Borrowing			
New Borrowing	\$240,000,000	\$250,000,000	\$250,000,000
Carryover Borrowing*	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
SUBTOTAL	\$240,000,000	\$250,000,000	\$250,000,000
Water Works Borrowing			
New Borrowing	\$0	\$14,275,000	\$0
Carryover Borrowing*	<u>(14,300,000)</u>	<u>(14,300,000)</u>	<u>(14,300,000)</u>
SUBTOTAL	\$0	\$14,275,000	\$0
Sewer Maintenance Fund Borrowing			
New Borrowing	\$14,560,000	\$15,300,000	\$16,138,500
Carryover Borrowing*	<u>(0)</u>	<u>(24,123,752)</u>	<u>(29,095,000)</u>
SUBTOTAL	\$14,560,000	\$15,300,000	\$16,138,500
Total - All Borrowing			
New Borrowing	\$406,914,376	\$477,563,552	\$407,186,994
Carryover Borrowing*	<u>(168,800,607)</u>	<u>(273,213,149)</u>	<u>(134,774,644)</u>
TOTAL	\$406,914,376	\$477,563,552	\$407,186,994

* Not included in budget totals, reiteration of prior years authority.

**2002 SALARY AND WAGE INFORMATION USED FOR BUDGET PURPOSES
(FOR INFORMATIONAL PURPOSES ONLY)**

The salary and rates shown in the following salary and wage schedule are based on the most current information available as of the date of the adoption of the 2002 budget. (Please refer to note at the end of schedule for procedure and assumption utilized in determining salary and wage appropriations in the 2002 budget.)

**CURRENT RATES
(MINIMUM - MAXIMUM)**

Pay Range	Annual Rate		Pay Range	Annual Rate		Pay Range	Annual Rate		Pay Range	Annual Rate		Pay Range	Annual Rate	
	Minimum	Maximum		Minimum	Maximum		Minimum	Maximum		Minimum	Maximum		Minimum	Maximum
001	31,914	- 44,676	252	34,049	- 38,024	425 *	28,348	- 31,360	557 *	41,196	- 46,892	724	26,953	- 34,452
002	34,007	- 47,604	254	33,184	- 38,440	430	29,007	- 31,360	558	39,014	- 47,926	726	28,859	- 35,537
003	36,241	- 50,735	255	34,448	- 38,440	435 *	29,601	- 31,888	559	44,893	- 51,766	732	31,785	- 38,868
004	38,634	- 54,086	258	34,731	- 39,382	437	28,812	- 32,615	560	43,072	- 49,176	733	32,309	- 39,863
005	41,182	- 57,658	260	35,013	- 39,392	440	30,277	- 33,379	565	44,331	- 50,982	734	32,309	- 40,256
006	43,889	- 61,451	262	35,439	- 39,898	441	28,955	- 31,892	572	40,291	- 46,882	740	29,260	- 32,068
007	46,785	- 65,496	264	35,821	- 40,004	445 *	30,890	- 34,183	576	45,696	- 54,073	741	29,924	- 32,914
008	49,853	- 69,792	265	36,082	- 40,672	450	30,158	- 34,888	587	47,663	- 56,846	742	30,208	- 33,824
009	53,158	- 74,419	268	36,303	- 41,357	455 *	32,307	- 36,018	588	39,876	- 61,974	746	34,602	- 38,055
010	56,651	- 79,313	270	37,011	- 42,066	460 *	33,071	- 37,063	589	49,112	- 55,276	785	43,300	- 48,735
011	60,397	- 84,553	272	25,710	- 28,244	475	33,976	- 40,783				786		- 52,645
012	64,363	- 90,108	274	29,330	- 31,300	478	29,868	- 39,857	591	51,907	- 63,071	788	47,315	- 53,254
013	68,596	- 96,041	275	37,011	- 42,865	480 *	17,866	- 24,685	592	33,499	- 40,197	796	44,275	- 52,518
014	73,128	- 102,383	276	32,654	- 34,625	490	24,904	- 30,154	593	37,131	- 44,948	801	35,387	- 47,712
015	77,943	- 109,118	278	36,863	- 38,378	495	28,373	- 32,686	594	38,455	- 46,660	804	46,784	- 49,819
016	83,074	- 116,309	280		- 40,684	500 *	29,601	- 32,615	595	39,888	- 48,440			
017	88,550	- 123,972	282	39,486	- 45,300	503	27,818	- 33,224	596	41,412	- 50,291	808	49,264	- 53,237
018	94,388	- 132,141	285	39,699	- 45,605	504	29,601	- 34,183	598	46,352	- 56,300	810	51,487	- 55,058
019	100,605	- 140,843	290	38,985	- 49,385	505 *	30,890	- 34,183	599	50,675	- 65,220	812	53,272	- 56,845
020	107,230	- 150,128	291	39,863	- 50,497	508 *	29,955	- 34,509	600	27,029	- 32,637	813	51,211	- 62,178
			300	24,319	- 28,722	510	31,580	- 35,043	602	31,444	- 38,516	831	43,859	- 53,237
030	1,800		305	25,202	- 29,316	515 *	30,315	- 37,063	604	36,702	- 49,145	834	47,391	- 57,534
036	3,000		309	24,929	- 30,585	516	32,307	- 36,695	606	43,189	- 55,564	835	49,264	- 59,809
037	4,200		310 *	26,191	- 30,585	520	33,071	- 37,063	607	54,157	- 64,567	836	51,211	- 62,178
040	6,350		314	26,555	- 31,198	522	33,152	- 37,556	619	33,487	- 40,013	839	57,534	- 69,869
041	6,600		324	27,743	- 31,888	525	33,875	- 38,152	620	34,948	- 47,408	842	64,641	- 78,520
047	45,148		325	29,007	- 31,888	526	33,152	- 39,652	621	39,721	- 47,408	850	28,276	- 47,712
050	14,960		329 *	28,338	- 32,615	528	33,443	- 38,982	622	41,454	- 53,844	851	27,630	- 47,712
			330	29,601	- 32,615	529	21,945	- 23,435	624	39,721	- 47,408	853	35,652	- 50,526
148	42,812	- 101,337	335	30,227	- 33,379	530 *	34,735	- 39,322	626	45,146	- 53,844	856	45,590	- 53,237
			338	30,585	- 33,723	532 *	33,083	- 39,397	627	49,170	- 58,614	857	51,211	- 62,178
200	23,774	- 29,441	340	30,890	- 34,183	534	34,446	- 40,599	628	51,297	- 61,157	858	29,876	- 39,868
205 *	25,646	- 31,305	344	30,315	- 35,043	535 *	35,710	- 40,599	630	58,322	- 69,473	863	57,554	- 69,869
210	27,274	- 31,916	345	31,580	- 35,043	536	34,446	- 37,979	635	29,423	- 33,741	865	64,641	- 78,520
215	29,787	- 32,666	347	32,778	- 35,385	540	36,755	- 41,977	640	31,401	- 35,573	867	88,251	- 107,245
220	30,083	- 33,029	350	32,307	- 36,018	541	36,755	- 43,586	642	36,806	- 44,632			
225	30,380	- 33,393	355	33,071	- 37,063	542	38,426	- 43,586	644	42,493	- 51,634			
230	30,622	- 33,723	360	33,875	- 38,152	545 *	37,844	- 43,380	665	31,337	- 36,341			
235	31,314	- 34,581				546	37,844	- 46,267	666	32,496	- 43,976			
238	31,670	- 34,982	400 *	21,473	- 26,872	547	38,858	- 47,120	670	44,161	- 53,471			
240	32,025	- 35,385	404 *	22,665	- 28,126	549	43,072	- 50,586	694	35,334	- 40,103			
245	32,792	- 36,253	405 *	23,930	- 28,126	550	39,014	- 44,640	696	38,807	- 44,546			
247	34,272	- 39,000	406	23,082	- 28,645	552	39,014	- 44,732	698	40,135	- 46,095			
248	33,183	- 36,910	410 *	24,928	- 29,332	553	39,014	- 46,356	704	30,923	- 33,923			
249	33,252	- 37,172	415 *	26,191	- 30,585	555	40,291	- 46,005	710	32,166	- 35,407			
250	33,576	- 37,567	424 *	26,191	- 31,360	556	41,196	- 49,128	722	27,360	- 32,833			

These rates apply to positions represented by District Council 48, AFSCME, AFL-CIO. Rates for positions that are not represented by a certified bargaining unit and those represented by Local 61, Laborers' International Union, in the DPW-Solid Waste Fund, and ALEASP differ somewhat, as specified in the Salary Ordinance.

*According to the 2002 Salary Ordinance, in no case shall the salary of any city official exceed that of the Mayor.

CURRENT RATES (Continued)

Pay Range	Hourly Rate	Pay Range	Hourly Rate	Pay Range	Hourly Rate	Pay Range	Hourly Rate
900	5.29	931	13.95 - 14.94	955 **	18.34	984	21.75
902	6.33 - 7.40	934 **	21.67	956	21.05	985	23.37
906	6.49 - 7.92	936 **	23.19	957	21.61	986	21.83
910	8.45 - 11.09	939	11.36 - 11.64	958	22.60	987	21.93
918	7.51 - 8.76	940	15.45 - 16.96	960	21.86	988	24.06
923	8.64 - 9.72	943	10.00	961	22.41	989	25.23
924	9.21 - 11.32	944	12.00	962	22.19	990	23.22
925 **	9.07	945	13.00	974	14.42 - 17.96	991	24.14
926	9.77 - 11.09	947 ***	64.73	975	11.76 - 21.17	992	25.08
927	10.75 - 12.77	948 ***	76.50	978	23.52	993	22.98
928	10.28 - 12.78	950	39.30	981	21.06		
929	10.06 - 12.74	951 **	16.69 - 17.95	982	20.58		
930	11.66 - 14.67	954	18.64	983	21.43		

** Official Rate - Biweekly

*** Official Rate - Daily

2002 Budget - For 2002 Budget Purposes

The individual salary and wage rate lines were based on 2000 rates of pay for most salary groups with the exception of District Council 48, Management and Non-Represented members which are at 2002 rates of pay. In addition, \$14.9 million was provided within the Wages Supplement Fund to supplement departmental salary and wage accounts during 2002 on an "as needed" basis and to cover shortages caused by wage rate changes.

SCHOOL BOARD BUDGET
(NOT UNDER THE CONTROL OF THE COMMON COUNCIL)
(FOR INFORMATIONAL PURPOSES ONLY)

A. BUDGET FOR SCHOOL BOARD*

	1998-1999 BUDGET	1999-2000 BUDGET	2000-2001 BUDGET	2002-2003 BUDGET
Appropriations and Expenditures	<u>\$814,241,252</u>	<u>\$831,112,595</u>	<u>\$850,293,630</u>	<u>\$857,325,253</u>
TOTAL APPROPRIATIONS AND EXPENDITURES	\$814,241,252	\$831,112,595	\$850,293,630	\$857,325,253

B. SOURCE OF FUNDS FOR SCHOOL BOARD*

Non-Property Tax Revenue and Surpluses	\$640,748,300	\$670,551,588	\$680,402,698	\$682,590,660
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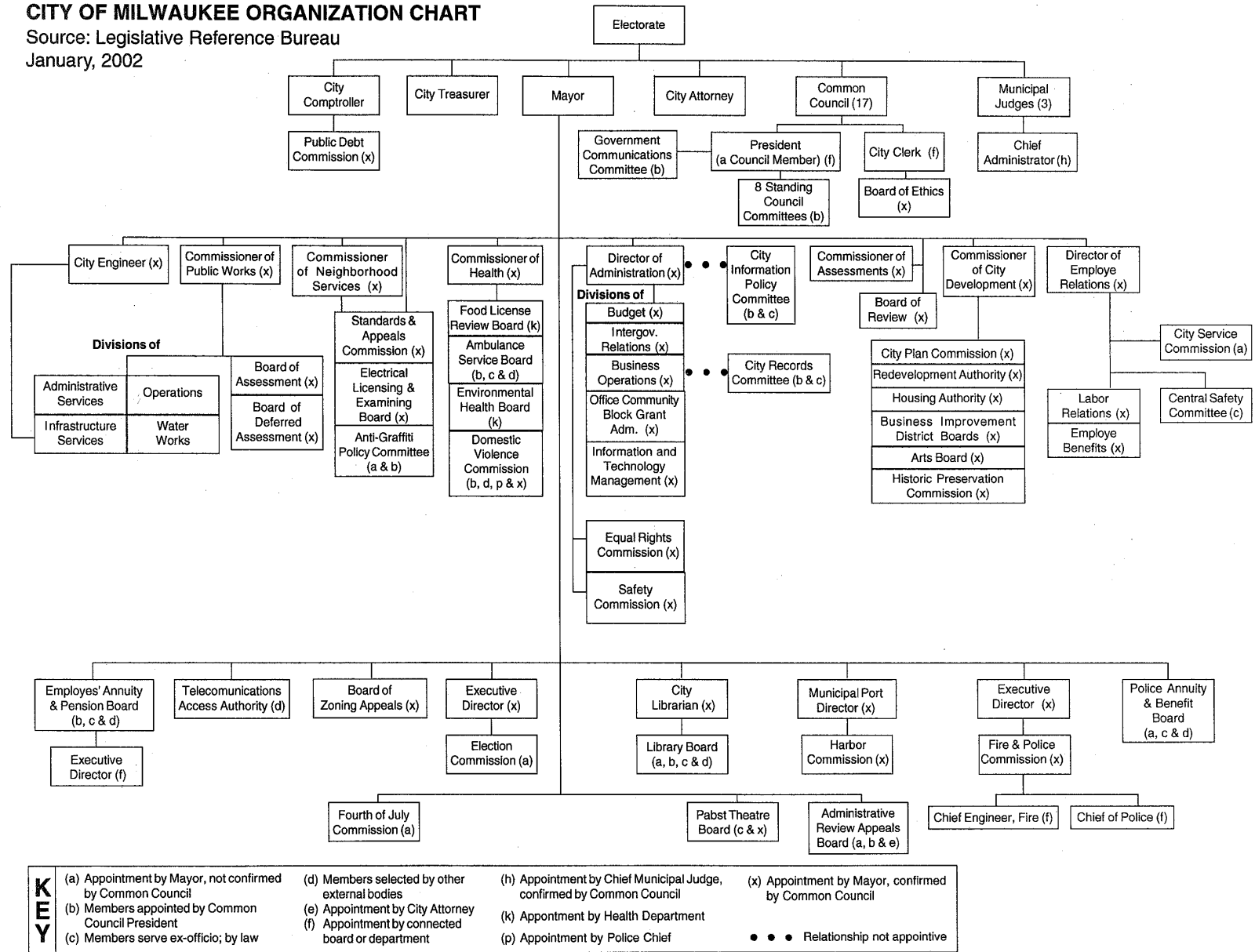
TAX LEVIES

Property Tax Levy	<u>\$173,492,952</u>	<u>\$160,561,007</u>	<u>\$169,890,932</u>	<u>\$174,734,593</u>
TOTAL FINANCING OF SCHOOL BOARD BUDGET	\$814,241,252	\$831,112,595	\$850,293,630	\$857,325,253

*School Board budget is based on fiscal year ending June 30.

CITY OF MILWAUKEE ORGANIZATION CHART

Source: Legislative Reference Bureau
January, 2002



KEY	(a) Appointment by Mayor, not confirmed by Common Council	(d) Members selected by other external bodies	(h) Appointment by Chief Municipal Judge, confirmed by Common Council	(x) Appointment by Mayor, confirmed by Common Council
	(b) Members appointed by Common Council President	(e) Appointment by City Attorney	(k) Appointment by Health Department	
	(c) Members serve ex-officio; by law	(f) Appointment by connected board or department	(p) Appointment by Police Chief	• • • Relationship not appointive

**I. CITY BUDGET UNDER THE CONTROL
OF THE COMMON COUNCIL
PROPERTY TAX SUPPLEMENTED FUNDS
SUMMARY OF EXPENDITURES**

EXPENSE CATEGORY	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
A. General City Purposes	\$472,916,331	\$467,503,846	\$482,547,584	\$15,043,738
B. Employee Retirement	48,848,455	62,972,527	63,770,867	798,340
C. Capital Improvements	74,110,479	105,248,389	102,842,313	-2,406,076
D. City Debt	103,309,050	113,487,421	113,987,651	500,230
E. Delinquent Tax Fund	1,400,000	1,600,000	1,000,000	-600,000
F. Contingent Fund	(5,000,000) *	5,000,000	5,420,458	420,458
TOTAL	\$695,584,315	\$755,812,183	\$769,568,873	\$13,756,690

* Shown for informational purposes only. Actual expenditures reflected in departmental budgets.

DEPARTMENT OF ADMINISTRATION

EXECUTIVE SUMMARY

MISSION:	To make Milwaukee one of the Nation's most attractive cities in which to live, work, and do business.
STRATEGIC ISSUES:	<p>Influence forces external to city government to strengthen Milwaukee's position as a thriving economic, social, and cultural center.</p> <p>Use the department's resources to assure Milwaukee's government provides cost-effective services that add value to the city.</p> <p>Build alliances with other U.S. cities, rural areas, and regional decision-makers to persuade state and federal policymakers to create better solutions regarding low-income adults, transportation, housing, and the environment.</p>
INITIATIVES FOR 2002:	<p>Increase operational efficiency by transferring the Equal Opportunity Enterprise Program to the Business Operations Division.</p> <p>Take advantage of technology to improve the city's purchasing processes.</p> <p>Identify, evaluate, and propose alternatives to diversify the city's revenue base.</p> <p>Implement technology fund.</p>

BACKGROUND

In 1989, the City of Milwaukee implemented a cabinet form of government. As part of that restructuring, the city also consolidated various administrative and policymaking activities formerly performed by the Department of Budget and Management Analysis, the Department of Intergovernmental Fiscal Liaison, the Central Board of Purchases, Central Electronic Data Services, and the Community Development Agency into a newly-created Department of Administration (DOA).

DOA plays a critical "behind the scenes" role in providing government services. The Business Operations Division works with departments throughout the city to ensure that they obtain the goods and services needed to meet their objectives. The Budget and Management Division develops the Mayor's proposed budget and provides analysis and recommendations on fiscal and management issues that affect the city. The Intergovernmental Relations Division represents the city's interests to both the state and federal governments. The Community Development

Block Grant Administration works to equitably distribute grant funds to city agencies and neighborhood organizations. The Equal Opportunity Enterprise Program helps represent the interests of disadvantaged local businesses in their efforts to obtain both city and other government contracts. Finally, the Administration Division assists in development of strategic policy.

In 2000, the department reorganized to enhance further its ability to provide several of these critical services. DOA created a new Information and Technology Management Division to improve management and coordination of the city's information and technology systems. The reorganization also merged printing and records management activities with purchasing functions in the Business Operations Division. In 2002, the department continues to reorganize by consolidating the Equal Opportunity Enterprise Program into the Business Operations Division.

OBJECTIVE 1

Influence policies and leverage resources beyond city government so as to improve the quality of life for city residents by increasing the number of jobs available and reducing the ratio of persons looking for work compared to job openings to 1.15:1 or less by 2002.

OUTCOME HISTORY

The 2002 budget provides \$368,359 in tax levy funding to support the department's efforts to provide jobs and improve the quality of life of Milwaukee's residents. Federal Community Block Grants will provide an additional \$714,250 towards this goal. The department measures its success toward achieving this objective by whether it has improved or maintained the ratio of persons looking for or expected to work to the number of job openings in the Milwaukee metropolitan area.

DOA contributes to the success of this measure in a variety of ways. The Community Block Grant Office administers and monitors services and activities that enrich and improve the quality of life in target areas of Milwaukee. The Budget and Management Division works to reduce the cost of city government, keeping increases in city spending below the rate of inflation (see Figure 1) and leaving more money (with which businesses can create jobs) in the private economy. The Intergovernmental Relations Division focuses on reducing the tax burden on residents and businesses by achieving more equitable state revenue sharing and school aid formulas.

ACTIVITIES

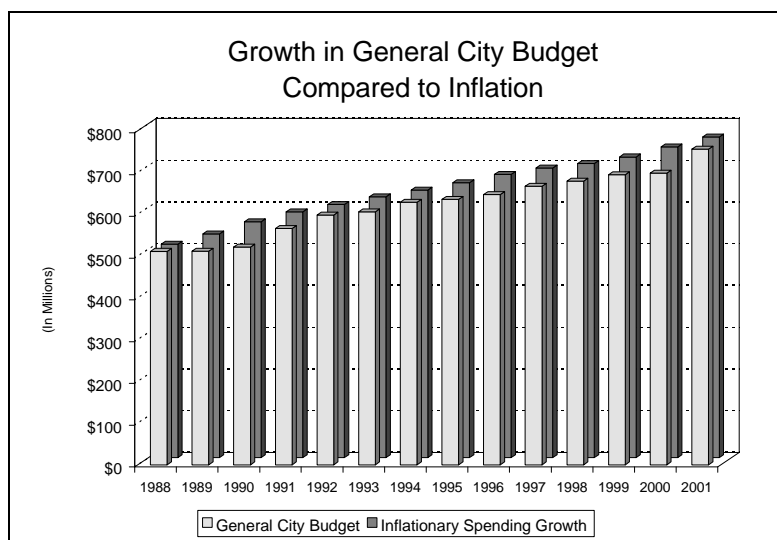
- Administration of community development block grants
- Purchasing activities
- Intergovernmental relations and lobbying
- Budget development

PROGRAM CHANGES

Community Development Block Grant Funding: The 2002 funding plan for Community Development Block Grant funds provides \$2.5 million in funding

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Ratio of persons looking for work to the number of job openings in the metro-Milwaukee area.	0.91:1	1.15:1	1.15:1
Funding by Source:			
Operating Funds	\$578,359	\$744,824	\$368,359
Grant and Reimbursable	760,971	907,400	714,250
Special Purpose Accounts	59,335	0	0
Total:	\$1,398,665	\$1,652,224	\$1,082,609

Figure 1

for six community development programs supported by city departments. These programs include the following:

- Milwaukee Health Department Lead Based Paint Prevention/Abatement Program - \$600,000;
- Department of Public Works Street Improvements - \$500,000;
- Code Enforcement Inspectors Targeted Enforcement - \$300,000;
- Targeted Weekend Neighborhood Box Program - \$300,000;
- Department of City Development Catalytic Project Areas (CPAs) - \$300,000;
- Community Prosecution Unit - \$200,000; and
- Milwaukee Health Department Prenatal Services - \$300,000.

OBJECTIVE 2

Strengthen Milwaukee's competitive position within the region through a reduction in the share of Milwaukee's economy used for city taxes by adopting a tax rate of no more than 122.9% of the metropolitan area average in 2002.

OUTCOME HISTORY

The 2002 budget provides \$1,783,339 in tax levy funding to support Milwaukee's efforts to strengthen its competitive position in the marketplace. Milwaukee's 1998 tax rate (adopted in 1997) totaled 115.9% of the average property tax rate of other municipalities in the metropolitan area, exceeding for the first time the city's tax rate goal of 120% of the metropolitan area average. As shown in Figure 2, in the 2000 budget the city again surpassed its goal, adopting a tax rate equal to 116.6% of the metro area average. In 2001, however, the city tax rate as a percent of the metro area average did not meet its goal. In the 2001 budget, the tax rate equaled 129.2% of the metro area average.

In 2002, the estimated city tax rate as a percent of the metro area average is 122.9%. This is a reduction of 6.3% from the 2001 projection. Shrinking state aids as well as arbitration-driven wage settlements that exceed the rate of inflation continue to present major obstacles to the city's efforts to reduce costs, preserve service levels, and maintain improvement in its tax rate compared to the metropolitan average.

To meet this challenge, the department will focus on numerous strategies in 2002 including: 1) lowering the cost of doing business in the city by reducing the role and cost of local government; 2) conducting efficient, competitive purchasing processes; and 3) maintaining and improving the efficacy of the State Shared Revenue Program as a means of bridging the fiscal disparities among Wisconsin municipalities.

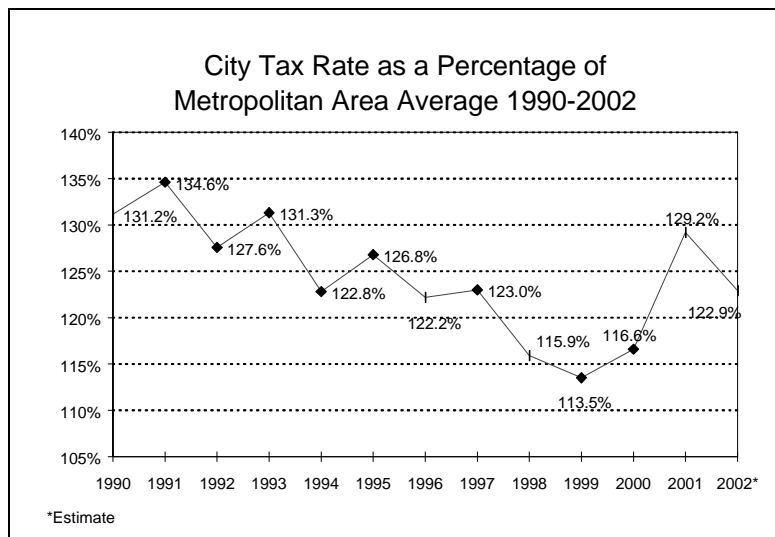
ACTIVITIES

- Administration
- Budget analysis
- Capital financing and debt management

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
City tax rate as a percent of metro area average.	116.6%	129.2%	122.9%
Funding by Source:			
Operating Funds	\$2,003,527	\$1,317,851	\$1,783,339
Grant and Reimbursable	366,137	235,020	293,591
Capital Budget	0	0	207,965
Special Purpose Accounts	79,014	0	0
Total:	\$2,448,678	\$1,552,871	\$2,284,895

Figure 2



- Intergovernmental relations
- Purchasing
- Equal Opportunity Enterprise Program

PROGRAM CHANGES

Equal Opportunity Enterprise Program: The city's self-funded Disadvantaged Business Enterprise (DBE) certification process was implemented in 2001. The streamlined process shifted the cost of the program from the taxpayers to those seeking recertification or first-time certification. Due to the overlap of both mission and duties relating to the DBE participation goals in the Equal Opportunity Enterprise Program (EOEP) and the Business Operations Division (BOD), in 2002 EOEP will be consolidated within the BOD. This consolidation will add efficiency and effectiveness to the operations of both sections by enhancing communication and coopera-

tive efforts to increase DBE participation in the city's bid process. This consolidation will also facilitate the sharing of DOA resources such as clerical support, technical (computer) support, program marketing assistance, and accounting documentation and will

lead to the simplification of DBE reporting procedures as well. This efficiency gain is reflected in the 2002 budget through the elimination of one position of Office Assistant IV.

OBJECTIVE 3

Provide services and tools to other city departments that lead to improved city management and maintenance of the city's fiscal health as measured by maintaining or improving the city's Aa2/AA+ bond rating in 2002.

OUTCOME HISTORY

In August of 2000, the city received a downgrade from Moody's Investors Services, one of three bond rating agencies used by the city to rate its bonds. The remaining two rating agencies retained the city's AA+ rating. Moody's action was based largely upon what they perceived to be a weakened financial position related to declining state aid.

Despite the analysis of Moody's, the City of Milwaukee has been working to diversify its revenue base and strengthen its financial position since the mid-1990's. Some significant changes have included identifying and financing appropriate city services through user fees, rather than the tax-levy, such as the city did with its solid waste expenses. These efforts will continue in 2002.

The 2002 budget provides approximately \$1.4 million to support this objective. The Budget and Management Division will continue to act as a resource for other departments to assist in strategic planning, developing performance measures, and evaluating the success and effectiveness of specific programs.

The Business Operations Division (consisting of the former Purchasing Division and the Milwaukee Printing and Records Section of the Central Services Division) will help city departments purchase critical goods and services by seeking the best combination of price and value while ensuring that competitive bidding requirements are met. The Business Operations Division will also provide a cost-effective solution for departmental printing and records storage needs.

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Maintain the city's bond rating.	Aa2/AA+	Aa2/AA+	Aa2/AA+
Funding by Source:			
Operating Funds	\$1,325,734	\$865,696	\$1,111,098
Grant and Reimbursable	205,953	132,199	165,145
Capital Budget	0	0	116,980
Special Purpose Accounts	70,468	0	0
Total:	\$1,602,155	\$997,895	\$1,393,223

ACTIVITIES

- Information resource policy analysis
- Intergovernmental lobbying
- Procurement of goods and services
- Printing and records storage

PROGRAM CHANGES

Milwaukee Printing and Records (MPR): MPR is reducing city employee "leg work" with the expansion of its centralized, networked imaging, and printing systems in 2002. Permits, property records, and building plans will be available online for inter-departmental access. These records will ultimately be made available to the public via the Internet with a web-based software upgrade, as well as the addition of a film scanner/printing system. The transmission of large print jobs from employee desktops for high-speed printing of FMIS generated reports, MAC applications, and standard PC desktop programs will also be enhanced with color copying capability on a separate printing unit. Storage of the city's paper records will also be made more efficient with the expansion of mobilized shelving units in the main vault.

On-Line Auction: In accordance with its quest to continuously find opportunities to utilize technology, the Business Operations Division implemented an on-line auction to sell a variety of used city surplus and

obsolete goods. The site has proven to be immensely popular with citizens and has reached not only citizens throughout the Country, but people from England as well. Use of the site eliminates the commission normally paid to auctioneers. The Business Operations Division will pursue the expansion of this site during 2002.

Requests for Information: In 2002, the Procurement Services Section will spend more time investigating how the city can perform services in a more cost-effective manner.

Identify Methods to Diversify the City's Revenue Base: To decrease the city's reliance upon local property taxes, the city needs to develop a broader mix of resources to support city government. The city has worked to diversify its revenue base in recent years

through the implementation of two user fees, the sewer maintenance fee and the solid waste fee. In 2002, the city will continue to evaluate which city services should be paid with property taxes and which city services are more appropriately financed through other revenues.

Support Staff Reorganization: The 2002 budget reflects a reorganization of the Budget and Management Division's support staff. The goal of this reorganization is to develop the division's support staff into an analytical support role. To attain this reorganization two positions, one Office Assistant III and one Program Assistant II have been eliminated. One position of Administrative Services Specialist has been added to reflect this change. This reflects the necessary analytical duties assigned to this position.

OBJECTIVE 4

Manage information and information systems more effectively so as to maximize their value to city residents and city departments by increasing the number of persons accessing the city web site to 30,000,000 in 2002.

OUTCOME HISTORY

In an age when information has become increasingly central to our daily lives, the effective management and distribution of that information - and the systems that maintain it - grows increasingly in importance. It is due to this connected environment that the city must ensure that both citizens and policy-makers enjoy easy access to information.

Milwaukee's Information and Technology Management Division (ITMD) fills two information roles. ITMD collects, stores, maintains, and disburses valuable city information. It also guides development and coordination of information systems policy and makes certain that information is used best in the decision-making process. ITMD prepares a citywide Strategic Information Plan, advises policymakers on information-related issues, coordinates departmental information systems, and evaluates requests for technology improvements. The division also maintains existing infrastructure systems and applications, including "CityWeb",

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Number of "hits" on city web pages.	20,000,000	12,000,000	30,000,000
Number of service requests received and processed through the city's website.	N/A	N/A	10,000
Number of financial transactions completed through the city's website.	N/A	N/A	1,000
Funding by Source:			
Operating Funds	\$5,115,291	\$5,691,036	\$5,425,211
Grant and Reimbursable	415,396	350,179	508,477
Capital Budget	0	737,150	500,000
Special Purpose Accounts	197,442	250,000	50,000
Total:	\$5,728,129	\$7,028,365	\$6,483,688

Milwaukee's presence on the World Wide Web, and the financial, human resource, and purchasing components of the PeopleSoft Enterprise System. In addition, ITMD provides support services, offering desktop and network systems maintenance to departments on a reimbursable basis.

The 2002 budget provides approximately \$7 million to support this objective.

Program Result Measures: The Information and Technology Management Division tries to make information more widely available to both city residents and departments. To track progress toward this objective, especially in light of the city's recent e-government advances, beginning in 2002 the division will measure the number of service request received and processed through the city's web site. The division will also begin to measure the number of financial transactions completed through the city's web site.

ACTIVITIES

- Administration
- Budget analysis
- Capital financing and debt management
- Intergovernmental relations
- Purchasing

PROGRAM CHANGES

New City Web Site: While ITMD intensifies its efforts to enhance the usability and appearance of Milwaukee's home page, in 2002 it will also work to expand the range of electronic services available through the city's internet site. Beginning in 2001, a small number of interactive capabilities will be provided, including a handful of online service requests, selected license and permit applications, and parking ticket payments. ITMD intends to increase signifi-

cantly the opportunities for citizens to conduct business electronically with their city in 2002. As part of this effort to move to a new city web site, one position of Web Administrator has been transferred from the Administration Division to ITMD.

Information Management: In 2002, ITMD will devote increasing attention to the importance of managing information and identifying the technology that will best support it. The division will work to find new and better ways to make information more useful and more readily available both to the public and to other agencies inside and outside of city government. This "information focus" has already made itself evident through initiatives such as:

- "Map Milwaukee", an award-winning map-based interface to geographically-based information implemented in 2001;
- Community Mapping, Planning and Analysis for Safety Strategies, or COMPASS, a unique partnership between government agencies, the community and the research community that will strengthen the already successful efforts of the local justice community implemented in 2001; and
- Information policies and standards developed in conjunction with departments citywide under the auspices of the Milwaukee Information Policy Committee.

OTHER ACTIVITIES AND CHANGES

Safety Commission: The purpose of the Safety Commission is to advise the city concerning methods of providing for safety of the public and city employees. In the 2002 budget, the role of all citywide emer-

gency and safety-related duties is transferred from the Police Department to the Department of Administration - Administrative Division.

CAPITAL PROJECTS

Centralized Imaging Services System Upgrade: The 2002 budget includes \$124,945 in funding to upgrade the city's centralized imaging services system. This upgrade will enable city departments to access records from Milwaukee Printing and Records online via the city's networked imaging system. The 2002 funding results from successful completion of a pilot project that allowed three city departments to access data on-line. This pilot project also provided for the

necessary infrastructure to support citywide implementation of this system upgrade.

Mobile Shelving Units: The 2002 budget includes \$200,000 to install mobile shelving units in the Milwaukee Printing and Records City Records Center. The installation of these shelving units will both increase the storage capacity of Vault A and reduce the cost of storage.

Technology Fund: The 2002 budget provides \$500,000 in capital funding to implement a technology fund. The technology fund will allow departments to invest in new technology. To qualify for

funding, departments must submit a business plan that both meets citywide strategic goals and provides the ability to repay the investment in three years or less.

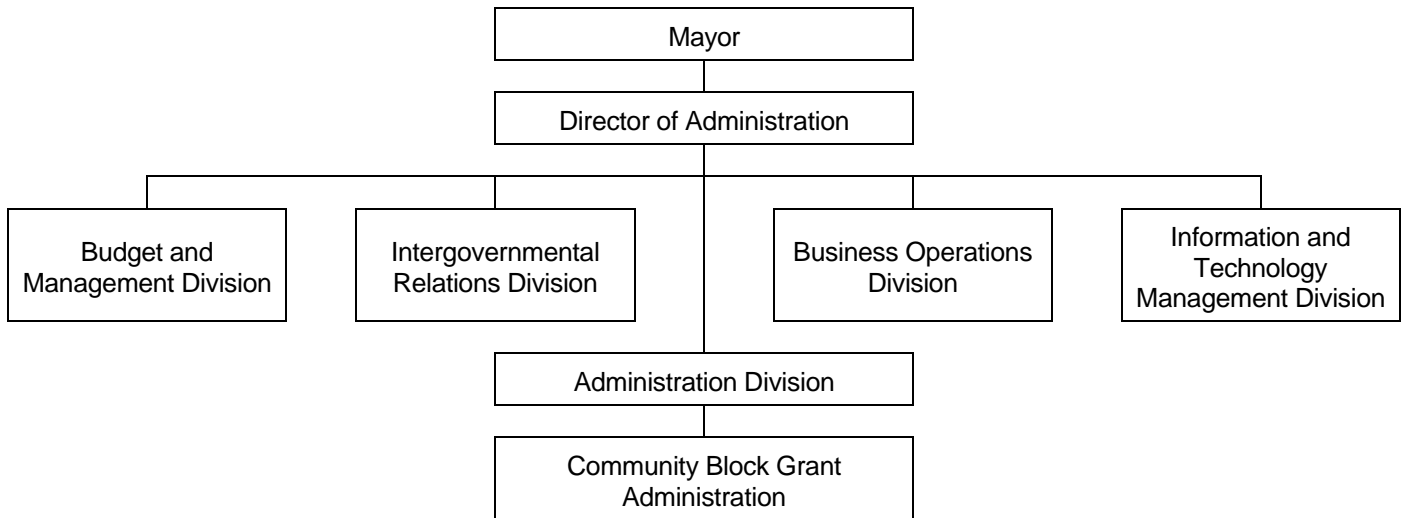
BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	79.44	86.00	81.60	-4.40
FTEs - Other	31.13	32.75	36.65	3.90
Total Positions Authorized	138	135	132	-3
DLH - Operations and Maintenance	142,993	153,900	146,880	-7,020
DLH - Other Funds	56,026	61,900	65,970	4,070
EXPENDITURES				
Salaries and Wages	\$4,491,457	\$4,410,371	\$4,669,776	\$259,405
Fringe Benefits	1,386,183	1,452,056	1,587,724	135,668
Operating Expenditures	1,989,887	1,480,565	1,187,492	-293,073
Equipment	125,046	109,800	76,400	-33,400
Special Funds	<u>1,030,338</u>	<u>1,166,615</u>	<u>1,166,615</u>	<u>0</u>
TOTAL	\$9,022,911	\$8,619,407	\$8,688,007	\$68,600
REVENUES				
Charges for Services	\$3,643,795	\$6,846,163	\$3,474,200	\$-3,371,963
Miscellaneous	<u>292,122</u>	<u>244,000</u>	<u>153,500</u>	<u>-90,500</u>
TOTAL	\$3,935,917	\$7,090,163	\$3,627,700	\$-3,462,463

CAPITAL PROJECTS - Includes \$824,945 for the following projects:

- a. Mobile Shelving Units - \$200,000
- b. Centralized Imaging Services System Upgrade - \$124,945
- c. Technology Fund - \$500,000

ORGANIZATION CHART



DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or elimination) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
Administration Division			
-1	-1.00	Client Services Representative (Operating Funding \$-40,844)	Position transferred to DOA-ITMD.
-5	0.00	Equal Rights Commissioner (Operating Funding \$0)	Positions transferred to DOA-Business Operations.
-1	-1.00	Equal Opportunity Enterprise Manager (Operating Funding \$-58,783)	
-2	-1.00	Equal Opportunity Enterprise Analyst Senior (Operating Funding \$-49,931)	
	-1.00	(Non-Operating Funding \$-46,692)	
-1	-1.00	Equal Rights Specialist Senior (Operating Funding \$-43,407)	
-1	-1.00	Office Assistant IV (Operating Funding \$-31,987)	Position elimination due to operating efficiencies.
Budget and Management Division			
-1	-0.50	Office Assistant III (Operating Funding \$-21,219)	Position change due to divisional reorganization.
-1	-1.00	Program Assistant II (Operating Funding \$-36,554)	
1	1.00	Administrative Services Specialist (Operating Funding \$38,573)	
Business Operations Division			
5	0.00	Equal Rights Commissioner (Operating Funding \$0)	Positions transferred from DOA-Administration.
1	1.00	Equal Opportunity Enterprise Manager (Operating Funding \$58,783)	
2	1.00	Equal Opportunity Enterprise Analyst Senior (Operating Funding \$49,931)	
	1.00	(Non-Operating Funding \$46,692)	
1	1.00	Equal Rights Specialist Senior (Operating Funding \$43,407)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Systems Support Specialist Senior (Operating Funding \$-42,002)	Technical correction to reflect positions ordinance.
1	1.00	Network Coordinator Associate (Operating Funding \$42,002)	
Information and Technology Management Division			
1	1.00	City Web Administrator (Operating Funding \$45,139)	Position transferred from DOA-Administration.
-1	-1.00	Computer Scheduler (Operating Funding \$-30,446)	Positions eliminated due to operating efficiencies.
-1	-1.00	Computer Operations Coordinator (Operating Funding \$-45,990)	
-2	0.00	Programmer II (Operating Funding \$0)	Elimination of unfunded positions.
1	1.00	Systems Analyst Project Leader (Non-Operating Funding \$60,397)	Positions funded through COMPASS grant.
1	1.00	Systems Analyst Senior (Non-Operating Funding \$49,854)	
1	1.00	Programmer Analyst (Non-Operating Funding \$46,352)	
0	-0.90	Experience Adjustment (Operating Funding \$0)	
0	0.90	Experience Adjustment (Non-Operating Funding \$0)	
-3	-0.50	TOTAL	

ASSESSOR'S OFFICE

EXECUTIVE SUMMARY

MISSION:	To administer the city's assessment program in a manner that assures public confidence in the accuracy, efficiency, and fairness of the assessment process.
STRATEGIC ISSUES:	<p>Ensure that cost for municipal services are distributed equally among all those who receive such services by uniformly valuing all taxable property in the city, closely scrutinizing proposed property tax exemptions and efficiently processing assessment appeals.</p> <p>Add value to the city by providing services and information to the public, other city departments, and public agencies.</p>
INITIATIVES FOR 2002:	<p>Conduct a citywide revaluation.</p> <p>Complete the commercial property assessment appeal backlog in preparation for annual revaluations to begin in 2003.</p> <p>Complete the agency's conversion from a mainframe-based information system to a network-based system.</p> <p>Streamline the department's operations and increase productivity by restructuring the Property Appraiser classifications.</p> <p>Continue to work on methods to permit information sharing between the Assessor's Office and other city departments.</p>

BACKGROUND

The Assessor's Office is responsible for uniformly and accurately assessing all taxable property in the City of Milwaukee. Accurate assessments ensure that all areas of the city and all classes of property equitably share responsibility for property taxes.

In recent years, the department has focused on improving its valuation systems by upgrading and migrating from the mainframe computer. By maximizing technology, the department has been able to improve quality while reducing costs.

Another major function of the Assessor's Office is to provide public information and assistance. The Assessor's Office continues to focus on more efficient, user-friendly methods to provide this service. By using technology to make this information readily available, the Assessor's Office has significantly reduced the number of assessment objections and telephone calls for data while dramatically increasing the availability of property information and the number of customers serviced via the Internet.

OBJECTIVE 1

To produce equitable, accurate, fair and understandable assessments by focusing on each of the four components of the assessment program.

OUTCOME HISTORY

The primary objective of the Assessor's Office is to establish assessments that are fair, accurate, and

equitable. This results in every property paying only its fair share for the municipal services financed through the property tax. To accomplish its objective, the Assessor's Office focuses on four primary components of the assessment program: assessments, appeals, exemptions, and public information. In 2002, the Assessor's Office will dedicate \$4,766,666 in operating funds and \$500,000 in special purpose account funding to accomplish this objective.

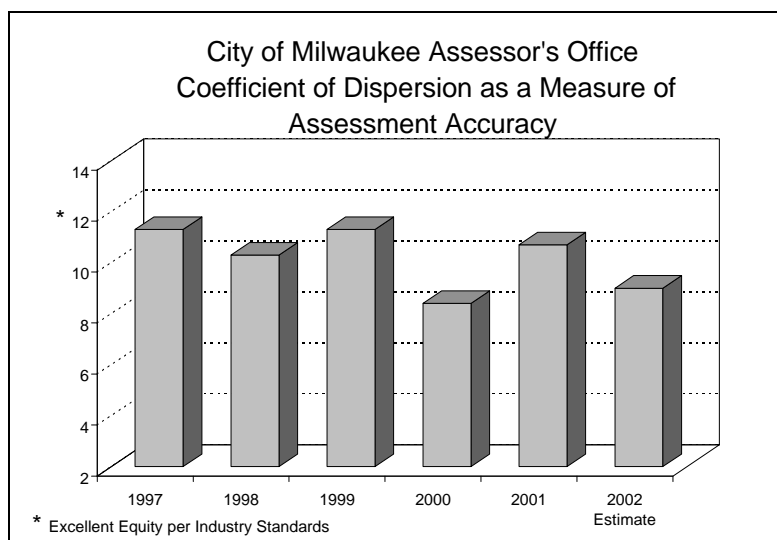
The assessment component includes ongoing inspection of real property and maintenance of all property and ownership records. Activities also include review and field verification of sales; inspection of properties for which building permits have been issued; ongoing analysis of sales data and assessment equity; audits of personal property; processing personal property returns; and creating real and personal property assessment rolls.

The performance of the Assessor's Office in producing fair, accurate, and equitable assessments is measured statistically using assessment ratios. An analysis of assessments to sales is used in determining the assessment level (calculated by dividing the assessment by the sale price). Measuring the coefficient of dispersion and the price-related differential against the assessment level further tests the uniformity of the assessment roll. The coefficient of dispersion measures the average distance that sales are from the median sales ratio (see Figure 1). For example, if the target is an assessment level of 100%, and the coefficient of dispersion is 10, this means that the average assessment is within 10% of the target of 100%.

The price-related differential is a statistical measure used to determine the degree to which assessments are either regressive or progressive. An assessment is defined to be regressive if low dollar value property is generally over-assessed while high dollar value property is under-assessed. A progressive assessment is the reverse situation. The target of the calculation is one. If it is greater than one the assessment is regressive, if it is less than one the assessment is progressive. The Assessor's Office has consistently met or exceeded both statutory and industry stan-

Outcome Indicators and Funding			
	2000 Experience	2001 Budget	2002 Projection
Assessment level.	101.0%	97.0%	80.0-85.0%
Coefficient of dispersion.	8.5	<10.0	<9.0
Price related differential.	1.01	1.00	1.00
Average Internet hits per year.	N/A	N/A	1,500,000
Funding by Source:			
Operating Funds	\$4,454,378	\$4,018,451	\$4,766,666
Special Purpose Accts.	460,390	500,000	500,000
Total:	\$4,914,768	\$4,518,451	\$5,266,666

Figure 1



dards for these measures, indicating a high degree of accuracy in valuing property.

The second component of the assessment program focuses on assessment appeals. Both the Wisconsin state constitution and state law require an appeal process for those wishing to contest the assessment of their property. The Board of Assessors and the Board of Review hear appeals – affording citizens the opportunity to voice concerns or contest an assessment. Figure 2 shows the total number of assessment appeals to the Board of Assessors for each revaluation cycle between 1964 and 2000. The department's goal is to maintain the average number of assessment objections for each two-year revaluation cycle at less

than 2% and the number of formal appeals to the Board of Review at less than 0.5% of all real and personal property assessments.

In recent years, efforts have focused on improving assessment accuracy, providing public information and education, and increasing access to assessment and sales data so as to reduce the number of objections. These efforts resulted in an 80% reduction in appeals between the 1988 and 1998 revaluations (see Figure 2). Although appeals for the 2000 revaluation increased 51.3% from 1998, the increase is attributable to property values increasing on average 12.4% citywide with some areas experiencing increases of over 40%. The Assessor's Office remains committed to reducing objections and appeals by increasing opportunities for customer access to information.

The Assessor's Office is also responsible for reviewing requests for tax exemption to determine eligibility. In accordance with Chapter 70 of Wisconsin State Statutes, certain properties are exempt from taxation as determined by the Wisconsin State Legislature. In the City of Milwaukee, there are approximately 7,000 tax exempt properties with an estimated value of \$3.5 billion – an increase of 36% since 1985.

To protect the city's tax base, the Assessor's Office critically reviews all tax exemptions on an ongoing basis to ensure that all exempt properties continue to serve the public good and provide the services that rendered them tax exempt. Ongoing review is necessary to protect all taxpayers in the city that subsidize tax exempt properties. As an important yet costly component of the assessment program, the Assessor's Office continually strives for greater efficiency in issuing, monitoring, and classifying property tax exemptions. In 2002, the Assessor's Office will begin preliminary work to enhance the computerization of the exemption process and streamline it with the existing valuation system. This will assure that the exemption requirements continue to be met so that exemptions are properly earned and granted.

The final component of the assessment program is providing public information and education to in-

Figure 2

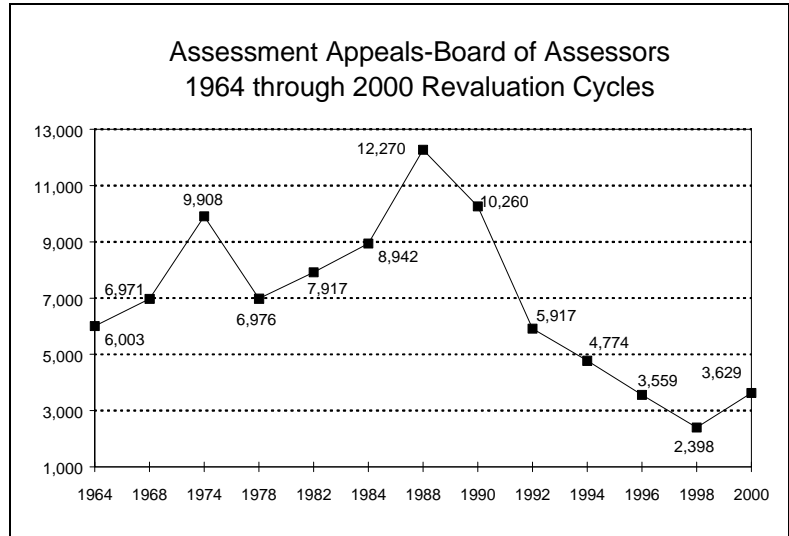
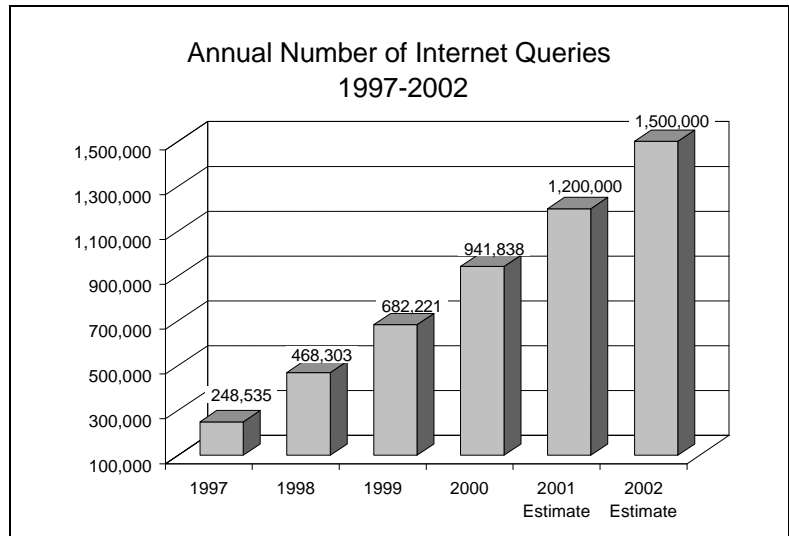


Figure 3



crease understanding of assessments and the assessment process. The Assessor's Office has found that computer technology enhances its ability to deliver efficient, customer-focused service. Automation of some processes via the Internet, electronic updating of ownership data, and distribution of assessment information at local libraries have all proven effective at increasing access to property information while increasing efficiency. Since the inception of Internet-based property information, the Assessor's Office has experienced dramatic annual increases in the total number of Internet queries (see Figure 3). The increase in Internet usage indicates the level of public information provided by the Assessor's Office. The department expects usage to increase in 2002.

ACTIVITIES

- Assessment of property
- Processing assessment appeals
- Determining eligibility for exemption
- Providing public information and education

PROGRAM CHANGES

Complete Mainframe Conversion: In 2002, the Assessor's Office will complete migration of its information systems by transferring the personal property system to its client-server network-based system. Following the migration of this last component, the department will strive to make available electronic filing for personal property taxes beginning in 2003. In 2002, \$77,900 will be allocated toward completing the personal property system migration.

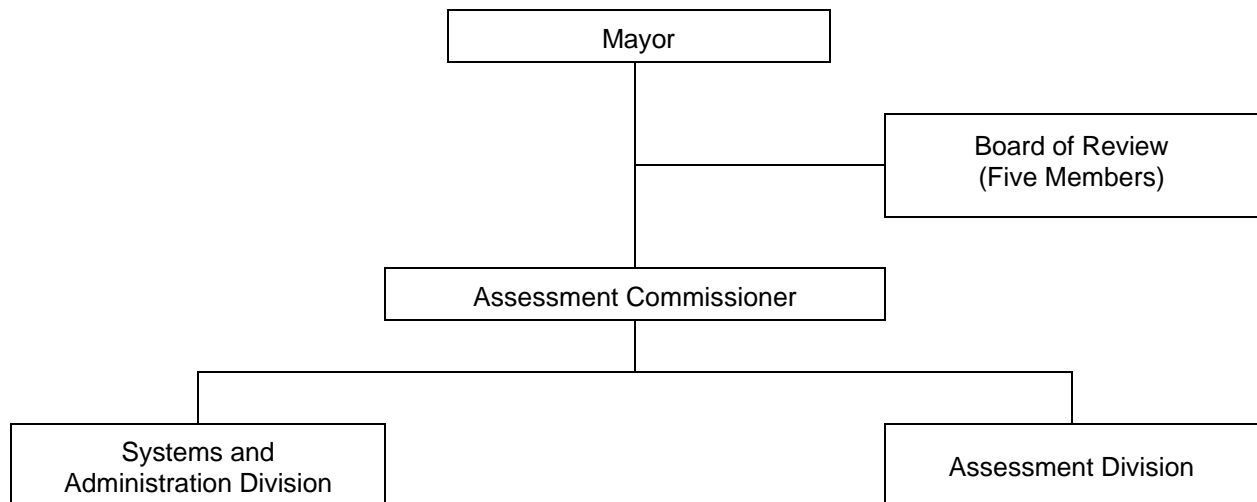
Annual Revaluations: An ideal property assessment program is one in which assessments are updated annually to assure all properties are assessed at market value. This results in greater equity in distributing costs for city services. The Assessor's Office 2002 budget includes additional funding of \$113,340 to prepare for annual revaluations to begin in 2003. In 2002, three Property Appraiser auxiliary positions

will be funded to address the current backlog in the Assessor's Office for commercial assessment appeals. The backlog should be eliminated by the end of 2002 and annual revaluations will begin in 2003. The four auxiliary positions will be eliminated at the end of 2002 when the backlog is completed.

Implement Department Restructuring: In 2002, the Assessor's Office will continue the reorganization of the Appraisal staff, which involves extensive cross training of all Appraisers in the department. Every Appraiser will be required to have the knowledge, skills, and abilities to appraise all types of properties rather than specializing in one class of property. This should create greater flexibility in assigning work and dividing tasks. The implementation phase for 2002 involves technical training for all Appraisal staff on property types, valuation methodologies, and valuation systems as well as a "learning partner program". This combined classroom and one-on-one training will result in a smooth transition to the broader assignments required for annual revaluations beginning in 2003. In 2002, the implementation of this reorganization will also allow the Assessor's Office to reduce staff by one Assistant Supervising Assessor through attrition.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	64.74	61.87	61.33	-0.54
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	71	69	70	1
DLH - Operations and Maintenance	116,531	111,368	110,394	-974
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$3,118,320	\$2,746,458	\$3,257,557	\$511,099
Fringe Benefits	940,307	906,331	1,107,569	201,238
Operating Expenditures	305,215	267,662	323,640	55,978
Equipment	0	0	0	0
Special Funds	<u>90,536</u>	<u>98,000</u>	<u>77,900</u>	<u>-20,100</u>
TOTAL	\$4,454,378	\$4,018,451	\$4,766,666	\$748,215
REVENUES				
Charges for Services	<u>\$1,590</u>	<u>\$500</u>	<u>\$0</u>	<u>\$-500</u>
TOTAL	\$1,590	\$500	\$0	\$-500
CAPITAL PROJECTS - None				

ORGANIZATION CHART

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-4	-4.00	Senior Property Appraiser (Operating Funding \$-177,233)	Position changes to more adequately reflect staffing needs.
4	4.00	Property Appraiser (Operating Funding \$156,338)	
-1	-1.00	Assessment Systems Analyst (Operating Funding \$-69,637)	Position reclassification during 2001.
1	1.00	Systems Analyst Project Leader (Operating Funding \$83,571)	
1	1.00	Property Appraiser (Auxiliary) (Operating Funding \$103,340)	Temporary increase in position authority and funding to address backlog in assessment appeals cases. Authority will expire 12/31/02.
0	-0.96	Business Systems Manager (Operating Funding \$-79,181)	Adjustments to reflect anticipated vacancies.
0	-0.08	Supervising Assessor (Operating Funding \$8,032)	
0	-0.27	Assistant Supervising Assessor (Operating Funding \$-17,633)	
0	-0.50	Senior Property Appraiser (Operating Funding \$-28,651)	
0	0.00	Property Appraiser (Operating Funding \$-4,834)	
0	0.27	Property Appraiser (Operating Funding \$9,274)	
1	-0.54	TOTAL	

CITY ATTORNEY

EXECUTIVE SUMMARY

MISSION:	To provide quality legal services and successfully meet clients' needs in accordance with the City Charter and statutory requirements.
STRATEGIC ISSUES:	Improve effectiveness of office management and procedures through enhanced technology and increased productivity. Provide quality legal services to clients. Effectively address city liability issues.
INITIATIVES FOR 2002:	Continue enforcement of the public nuisance abatement and drug house abatement ordinances. Pursue <i>in personam</i> actions against those who are delinquent in the payment of real estate taxes.

BACKGROUND

The City Attorney is a publicly elected official who serves a four-year term. The City Attorney conducts all of the legal business for the city and its "clients", including departments, boards, commissions, and other agencies of city government. The City Attorney's Office handles city litigation and keeps a docket of cases to which the city may be a party, provides legal advice and opinions, and prepares and exam-

ines legislation for the Common Council. In addition, the City Attorney is responsible for drafting all legal documents that are required in conducting the business of the city, collecting claims and delinquencies, and prosecuting violations of city ordinances. The City Attorney's Office is also responsible for the city's liability risk management function.

OBJECTIVE 1

To protect the legal interests of the city and its various agencies, departments, boards and commissions by reducing the percent of cases resolved by pre-trial evaluation to 69% and the percent of claims which result in lawsuits to 5% in 2002.

OUTCOME HISTORY

The primary objective of the City Attorney's Office is to protect the legal interests of the City of Milwaukee. The 2002 budget allocates \$10.5 million towards this purpose. To reflect the focus of its activities and programs, the department has two indicators that will measure this objective. The first is the percent of cases resolved by pre-trial evaluation. After a defendant has passed through intake, the City Attor-

Outcome Indicators and Funding

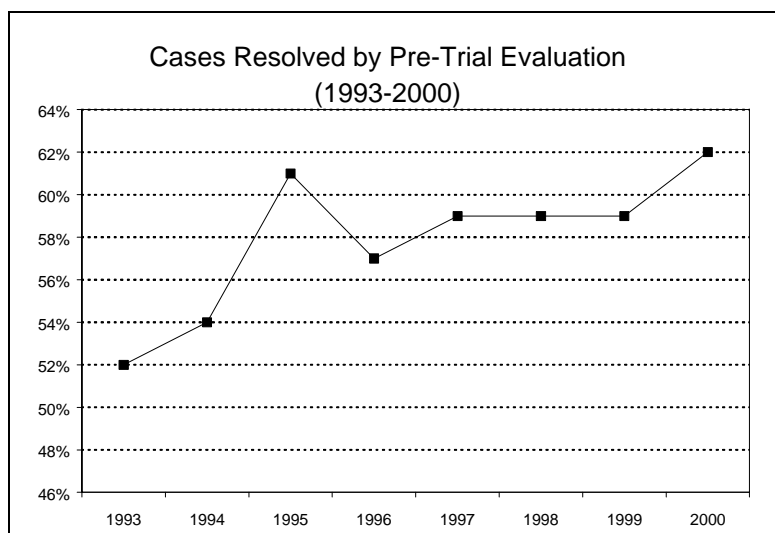
	2000 Experience	2001 Budget	2002 Projection
Cases resolved by pre-trial evaluation.	62.0%	60.0%	69.0%
Claims that result in lawsuits (reflects claims filed three years prior).	5.0%	5.0%	5.0%
Funding by Source:			
Operating Funds	\$5,756,187	\$5,821,012	\$6,130,255
Special Purpose Accounts	885,673	3,400,000	3,970,000
Capital Budget	6,119	0	352,000
Total:	\$6,647,979	\$9,221,012	\$10,452,255

ney's Office tries to resolve the case without further court appearances. If cases can be resolved in this

manner, court time can be used for more serious offenses. As Figure 1 shows, from 1993 to 1995 the percent of cases resolved by pre-trial evaluation steadily increased. This percentage increased in 2000 after leveling off for three years.

The second measure is the percent of claims filed three years prior that result in lawsuits. When claims between the city and claimant cannot be resolved, they expose the city to increased liability and additional time spent in court. Therefore, it is in the best interests of the city to minimize the number of claims that proceed to litigation. However, claimants have three years after filing a claim to file a lawsuit. This measure is modified in the 2002 budget to better reflect this timeframe.

Figure 1



The City Attorney's Office has redefined its programs and associated activities and developed new internal management indicators and result measures to monitor workload and effectiveness. While the city's Financial Management Information System provided the impetus for the new programs and result measures, the new City Attorney's Office legal automation system provides additional benefits in terms of measuring workload and productivity. Combined, the systems allow the City Attorney's Office to track electronically its work product by document type, client name, and legal section among other search criteria. The PC DOCS and ProLaw Systems will assist the City Attorney's Office in locating and reusing prior work product and to measure more accurately staff workload distribution.

Once fully implemented, the legal automation system will allow the City Attorney's Office to:

- Improve its reporting to city departments and policymakers;
- Maximize its efficiency through better calendaring and docket management; and
- Manage office workload through better reporting from the docket system.

PROGRAMS AND ACTIVITIES

- Prepare and review corporate and general documents
- Special legal services
 - Police legal services

- Legislation review
- Meetings attended and client counseling
- Risk management
- Outside counsel/expert witness
- Represent the city in litigation cases
 - Liability claims
 - Civil actions
 - Administrative hearings
 - Litigation documents
- Collection enforcement
 - Real estate taxes
 - Eviction and rent collection
 - Collection contract
 - Mortgage foreclosures
 - Other collection cases
- Ordinance violation prosecution
 - Municipal and circuit court prosecutions
 - Case review
 - Continuing legal education

PROGRAM CHANGES

Position Changes: In 2002, the City Attorney's Office will increase efficiency and eliminate a Paralegal position and two Graduate Intern positions, all of which are vacant. To safeguard the City Attorney's Office with these changes, the 2002 budget adds these same titled positions as unfunded auxiliary positions. This creates savings of \$76,649 in salaries and fringe benefits.

Public Nuisance Actions: The City Attorney's Office has developed a program to reduce public nuisances in the community. Reducing public nuisances contributes greatly to the quality of life in the City of Milwaukee. Public nuisance lawsuits are undertaken when other city enforcement efforts have failed.

Cases may be filed on behalf of the Department of Neighborhood Services when owners refuse to repair their properties, even after the court imposes significant forfeitures. The Police Department refers cases regarding neighborhood disturbances or drug houses where property owners' management has contributed to the activity. If the owner does not abate the nuisance after court action, a receiver is appointed who will repair the building, evict problem tenants, or eliminate the environmental conditions that allow for criminal activity to flourish. These new legal tools have helped the City Attorney maintain the property tax base and restore peace to city neighborhoods.

In Personam Actions: In 1997, the Common Council took advantage of changes in state law, passing an ordinance allowing the City Attorney to pursue *in personam* actions against property owners and any assets they hold besides the delinquent property in question. Since that time, almost \$1 million has been collected through *in personam* actions. The City Attorney expects that this additional tool will make efforts to collect payments owed to the city more effective.

Suspected Contaminated Properties with Delinquent Property Taxes: In 2000, the City Attorney's Office helped develop state legislation allowing the city to foreclose and sell delinquent properties without entering the chain of title. This legislation allows the city to develop these properties. However, once the property is transferred to the new owner, the city can still use the *in personam* remedy to recover back taxes from the previous owner.

OTHER ACTIVITIES AND CHANGES

Special Purpose Accounts: The City Attorney is responsible for administering five special purpose accounts: Damages and Claims Fund, Outside Counsel and Expert Witness Fund, Fire and Police Discipline and Citizen Complaint Fund, Insurance Fund, and the Collection Contract.

The Damages and Claims Fund pays for general liability judgments against the city. In 2002, funding will total \$2,000,000, an increase of \$500,000 from 2001. Funding reflects average expenditures from previous years while also looking at more recent legal trends, and the 2002 payment of a multi-year settlement with the Department of Justice. Expenditures in 2000 were \$1,439,114.

The Outside Counsel and Expert Witness Fund is funded at \$250,000 in 2002, a decrease of \$250,000 from 2001. This account brings in other law firms when the city needs to retain outside counsel, as well as witnesses who have specialized expertise in certain fields. The funding decrease in 2002 reflects completion of the Global Pension Settlement in 2001.

The 2002 budget includes \$100,000 in the Fire and Police Discipline and Citizen Complaint Fund to fund the payment of legal defense expenses for exonerated Police and Fire personnel. This new account will allow the city to more clearly track police officer and fire fighter investigations and the subsequent legal fees paid for sworn personnel cleared of wrongdoing.

The 2002 budget includes \$620,000 for the Insurance Fund, an increase of \$170,000 from 2001. This fund pays city premiums for policies such as property insurance, auto liability, and public officials bonds. Increases in this fund are attributed to the brokers' and insurance companies' estimates for increases of multiple insurance policy premiums and for city's environmental remediation multi-year policy, which has a financed premium payment due in 2002 for over \$90,000.

The 2002 budget also allocates \$1 million for the Collection Contract Special Purpose Account. This is the same funding level as in 2001. The Collection Contract generates over \$4 million in net revenue for the city.

CAPITAL BUDGET

Reorganization for Additional Attorney Offices: In 2002, the City Attorney's Office will perform a reorganization that will move four Attorneys from the Municipal Court back to City Hall. To accomplish this reorganization and to better utilize these Attor-

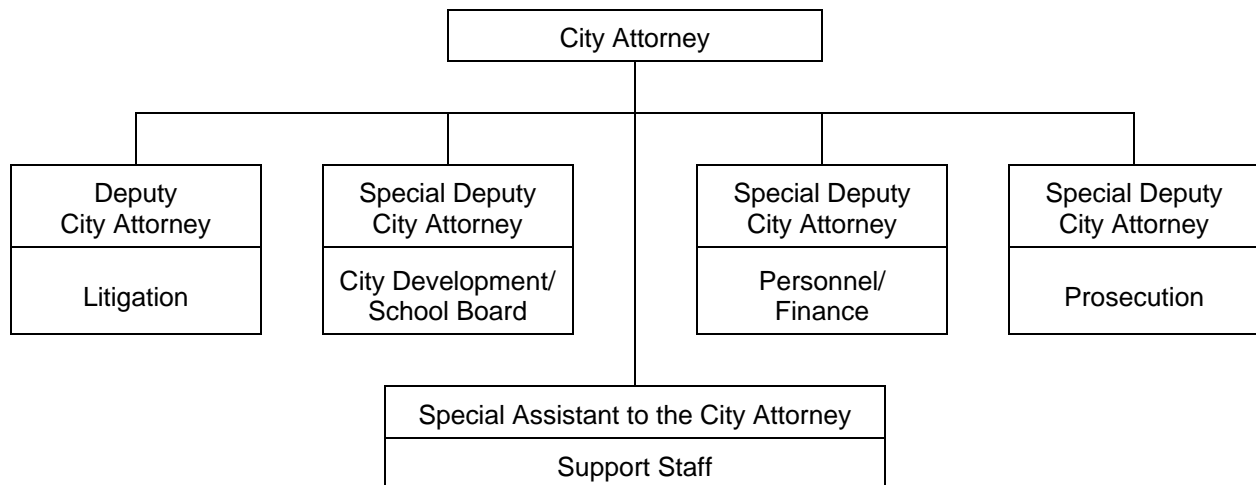
ney's time, the City Attorney's Office will alter its City Hall space to add four offices. Existing Attorney's offices will be reconfigured to provide the additional space needed.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	67.86	60.96	58.96	-2.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	67	67	67	0
DLH - Operations and Maintenance	105,952	109,721	106,121	-3,600
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$3,896,194	\$3,833,346	\$4,166,758	\$333,412
Fringe Benefits	1,224,797	1,265,004	1,416,697	151,693
Operating Expenditures	448,410	522,662	500,300	-22,362
Equipment	70,510	200,000	46,500	-153,500
Special Funds	<u>116,276</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$5,756,187	\$5,821,012	\$6,130,255	\$309,243
REVENUES				
Charges for Services	<u>\$556,763</u>	<u>\$424,820</u>	<u>\$328,100</u>	<u>\$-96,720</u>
TOTAL	\$556,763	\$424,820	\$328,100	\$-96,720

CAPITAL PROJECTS - Includes funding for the following project:

Department Reorganization for Additional Attorney's Offices - \$352,000

ORGANIZATION CHART

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Paralegal (Operating Funding \$-38,348)] Vacant positions eliminated.
-2	-1.00	Graduate Intern (Operating Funding \$-19,568)	
1	0.00	Paralegal - Auxiliary (Operating Funding \$0)	Position replaces Paralegal.
2	0.00	Graduate Intern - Auxiliary (Operating Funding \$0)	Positions replace Graduate Interns.
0	-2.00	TOTAL	

DEPARTMENT OF CITY DEVELOPMENT

EXECUTIVE SUMMARY

MISSION:	To improve the quality of life in Milwaukee by guiding and promoting development that creates jobs, builds wealth and strengthens the urban environment and at the same time respects equity, economy, and ecology.
STRATEGIC ISSUES:	<p>Promote an economic climate that fosters lasting investment, innovation, and job creation.</p> <p>Lead the community's development-related, decision-making processes to achieve a productive balance between competing land uses and economic interests, ensuring that the physical and economic growth of the city adds value in the urban context.</p> <p>Enhance and expand the city's housing assets.</p> <p>Ensure processes, reviews and approvals are efficient, consistent, and user-friendly.</p>
INITIATIVES FOR 2002:	<p>Begin two neighborhood plans, potentially for South 27th Street and the Avenues West/Merrill Park neighborhoods or other neighborhoods.</p> <p>Continue implementation of the Menomonee Valley Plan and the Downtown Plan.</p> <p>Cluster residential and commercial development throughout the city's catalytic project areas.</p> <p>Facilitate construction of market-rate, owner-occupied housing throughout downtown and neighborhoods, including the Third Ward, Beerline B - north along the Milwaukee River, Midtown, Lindsay Heights and Merrill Park.</p> <p>Facilitate development of the K-mart at Fond du Lac and North Avenue and redevelopment of the city's major shopping centers including Grand Avenue Mall, Capitol Court and Northridge.</p> <p>Work with partners to advance the technology-based economy of the region and to sell Milwaukee as a desirable place to live, work and play.</p> <p>Continue construction of the Riverwalk north and south of downtown.</p>

BACKGROUND

The Department of City Development (DCD) has a wide range of responsibilities in housing, planning, development, business assistance, and marketing. While the department's responsibilities are diverse, programs and projects in DCD require cooperative efforts with citizens, businesses, and neighborhoods.

One aspect of DCD's active partnership is its provision of assistance to commissions, authorities, and

citizen boards. DCD provides administration and support for the:

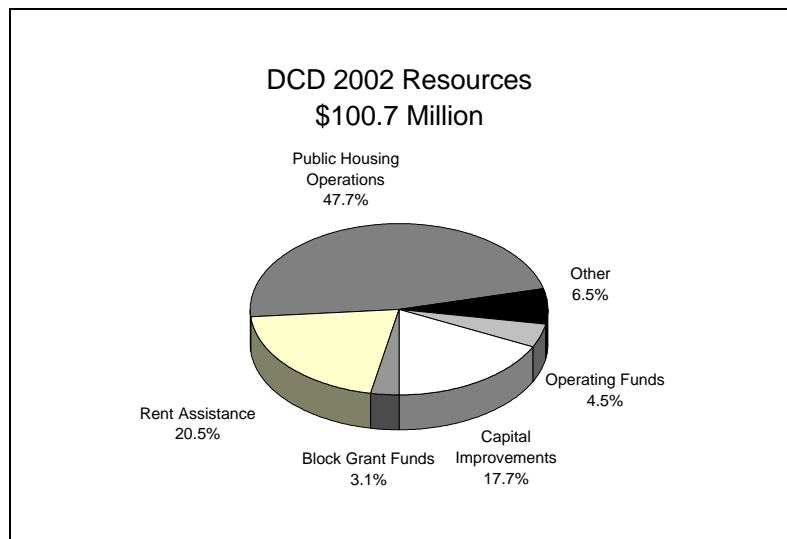
- Housing Authority
- Redevelopment Authority
- Milwaukee Economic Development Corporation

In addition, DCD provides advisory and other support to the:

- City Plan Commission
- Historic Preservation Commission
- Milwaukee Arts Board
- Board of Zoning Appeals
- Business Improvement Districts
- Fourth of July Commission
- Common Council Committee on Economic Development

City funding to support the department's operating efforts represents only a small portion, roughly 4.5%, of the total resources it controls and uses to fulfill its mission (see Figure 1). In addition to city resources, the department expects to administer approximately \$78.4 million from a variety of non-city funding sources, including federal block grant funds (\$3.1 million), federal rent assistance funds (\$20.6 million), federal public housing funds (\$48.0 million), and other funds (\$6.7 million), of which \$4.7 million is from special purpose accounts. All told, DCD anticipates that it will receive and have responsibility for approximately \$100.7 million in

Figure 1



funding for fiscal year 2002. DCD also oversees approximately \$5 million in special purpose accounts used by other organizations.

OBJECTIVE 1

Support investments that lead to retaining and creating jobs and tax base in the City of Milwaukee, as measured by creating and retaining 4,000 jobs in 2002.

OUTCOME HISTORY

One of DCD's objectives is to support investments that retain and create jobs for Milwaukee residents. When DCD provides assistance to businesses through loans, façade grants, tax-exempt bonds, development zone tax credits and other programs, it tracks the number of jobs created and retained as a direct result.

During 2000, DCD provided assistance for 207 companies that created or retained 6,466 jobs in the city (see Figure 2). DCD assisted such companies as the Carson Pirie Scott & Co., which had planned to close the Boston Store and relocate not only its retail jobs, but also the 700 administrative positions in Carson's headquarters, which are housed in the upper floors of the same facility. With the assistance of tax increment funding, and investments by Wisconsin Elec-

	2000 Experience	2001 Budget	2002 Projection
Private investment for every city dollar.	\$7.82	\$8.00	\$8.00
Jobs retained	4,653	2,300	2,300
Jobs created	1,813	1,700	1,700
Funding by Source:			
Operating Funds	\$2,648,496	\$1,943,989	\$1,877,343
Grant and Reimbursable	1,836,690	2,745,899	4,464,128
Capital Budget	8,187,653	23,850,000	17,500,000
Special Purpose Accts.	3,594,234	5,066,621	4,686,048
Total:	\$16,267,073	\$33,606,509	\$28,527,519

tric, plus tax credits from the Wisconsin Department of Commerce, Carson's is remodeling its store and its headquarters and remaining on site. In addition, apartments are being developed on the upper floors of the building creating a mix-use redevelopment.

Examples of major expansions in Milwaukee assisted by DCD are as follows:

- In 2000, Allen-Edmonds Corporation decided to construct an 80,000 square foot shoe manufacturing facility in the Menomonee Valley 5-acre

site for an expansion of their operations. They expect to create up to 200 family-supporting jobs and a \$7 million highly visible facility;

- R&B Wagner, a metal fabricator and specialist in handrail systems, consolidated their Butler, Milwaukee, and West Allis facilities into a larger facility on the northwest side of the city;
- Skyway Airlines developed a new maintenance facility at Mitchell International Airport;
- The American Society for Quality which expanded its headquarters into the former Marshall Field's building on the Milwaukee River; and
- Palermo Villa undertook a major expansion of its pizza production facility on the near south side.

DCD also measures its effectiveness in attracting jobs by tracking the amount of private investment generated by city programs. The 207 businesses that received assistance in 2000 invested \$284 million in the Milwaukee economy. On average in 2001, for every \$1 that DCD programs provided, private companies invested \$8 (and \$10.05 if the Milwaukee Economic Development Corporation (MEDC) programs are included) of their own funds. In 2002, \$1.9 million of DCD operating resources will contribute to a total of \$28.5 million of the total resources focused on this private investment and job creation objective.

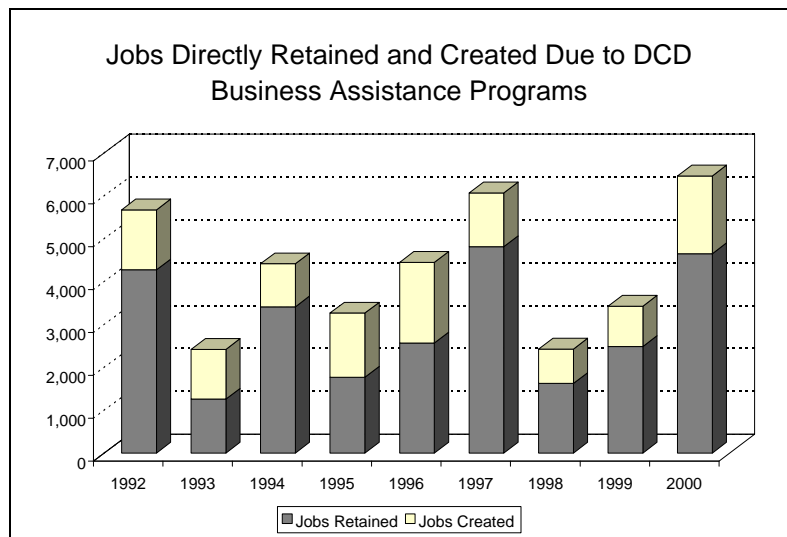
PROGRAMS AND ACTIVITIES

- Market Milwaukee as a business location
- Economic Development Business Assistance
 - Provide loans to businesses (MEDC)
 - Provide development zone certification
 - Provide bonds (RACM)
 - Develop/market industrial land (MEDC)
 - Assemble and cleanup sites
 - Assist business improvement districts
 - Provide other capital resources
 - Support tax incremental districts
- Operate Milwaukee's Mainstreets Program

PROGRAM CHANGES

Position Changes: DCD intensely pursues economic stimulation and development for Milwaukee while

Figure 2



creatively reducing the cost of its operations to the city. In 2002, the Department of City Development will eliminate two tax levy supported positions: an International Economic Development Manager position and an Office Assistant IV position. The elimination of these positions will provide an approximate cost savings of \$124,422 (includes fringe benefits at 2002 rates of pay) to the city. The State of Wisconsin's Department of Commerce currently provides the services of the International Economic Development Manager. Therefore, the International Economic Development Manager position will be eliminated and its duties absorbed by the Department of Commerce.

DCD will also eliminate two Office Assistant IV positions, two Accounting Assistant II positions, and one Custodial Worker II City Laborer position because of a completion of a grant. DCD transferred the following vacant positions and made them direct Housing Authority of the City of Milwaukee (HACM) funded positions: one Youth and Family Services Manager, one Rent Assistance Coordinator Senior, three Rent Assistance Inspectors, and two Rent Assistant Specialists III positions. DCD also eliminated three Office Assistant II positions.

Catalytic Project Areas: Catalytic Project Areas (CPAs) often co-exist with new and existing Targeted Improvement Neighborhoods (TINs). The intent of a CPAs/TINs partnership is to capitalize on aggressive coordinated financial investments (from CDBG, HOME, city, county, federal, state, capital improve-

ments and Milwaukee Public Schools capital fund dollars).

In 2002, DCD and the Department of Neighborhood Services are expecting to pilot CPAs in two or more of the following areas:

- Lincoln Avenue
- Fond du Lac Avenue and North Avenue
- North Avenue (30th to Sherman)
- Teutonia Avenue and North Avenue

Milwaukee's Mainstreets-Neighborhood Development: Milwaukee's Mainstreets Neighborhood Development Program combines DCD's neighborhood commercial development tools in one coordinated package. This program assists persons and businesses with:

- Specific site information on available buildings or lots;
- The permit process through the Development Center;
- Neighborhood profiles which provide demographics, retail rents, and traffic counts;
- Finding tenants for vacant buildings;
- Improving property through the Façade Grant Program and purchasing equipment through the Targeted Commercial Development Fund Grant;
- Rehabbing the residential units above storefronts with the Rental Rehab Program;
- Obtaining low interest financing through the Milwaukee Economic Development Corporation (MEDC);
- Enhancing or creating business associations and business improvement districts;
- Installing streetscape improvements within districts such as decorative lights, trees, bike racks, etc.; and
- Connecting businesses to programs offered by other organizations such as the University of Wisconsin - Milwaukee.

Retail Investment Fund (RIF): In 2001, the RIF (formerly known as the Targeted Commercial Development Fund or TCDF) Program continued to successfully foster private investment, create jobs, and put new businesses in the city's neighborhood commercial districts. Since the fund was established in 1999, a total of \$557,000 in grants has been awarded to 18 small businesses. Those dollars have leveraged an

additional \$6.4 million in private investment and helped to create 127 jobs. Of the businesses assisted, 11 have been minority-owned and 7 women-owned.

Business Improvement Districts: Business Improvement Districts (BIDs) are special assessment districts created at the petition of local commercial property owners. There are 18 active BIDs throughout Milwaukee which are governed by a local board. Collectively, these BIDs raise nearly \$4 million annually for activities ranging from economic development to administration and streetscaping to public safety.

Park East-U.S. Highway 145 Reconfiguration/Redevelopment: The City and County of Milwaukee are working with the State of Wisconsin to replace the Park East freeway between North Jefferson Street and a point east of I-43. This project will allow for the development of nearly 25-acres of underutilized downtown property that is currently encumbered by the freeway. The land is expected to be redeveloped for commercial residential uses consistent with the Downtown Plan.

Riverwalk Extension: The city's Riverwalk is spurring economic development and improving access to the Milwaukee River. Since the project's inception in 1994, the property values in the downtown Milwaukee River BID #15 area have increased by \$102,098,350. The Riverwalk has made the Milwaukee River more inviting and has attracted new residential development directly on the river and new commercial development in the surrounding area.

Menomonee River Valley: Providing more industrial land for family-supporting jobs is essential to Milwaukee's well being. The two largest constraints to economic growth in southeastern Wisconsin are the lack of available land and the geographical mismatch between where workers live and where jobs are located. The effort to redevelop the Menomonee Valley promises to address these opportunities by placing new development near residential areas.

The Menomonee Valley is considered one of the city's most valuable underutilized land resource. This property, 140-acres of grossly under-utilized industrially zoned land, represents one of Milwaukee's greatest opportunities to create living wage jobs for Milwaukeeans.

A recent success story within the Menomonee Valley is Allen Edmonds Shoe Corporation's decision in 2000 to purchase five-acres for an expansion of their operations. Allen Edmonds will construct an 80,000 square foot shoe manufacturing facility, which will be a \$7 million highly visible facility. Allen Edmonds expects to create up to 200 family supporting jobs. The overwhelming reason for this project was to locate their facility closer to where most of their workers lived.

Other Land Development: Encouraging industrial and manufacturing business growth continues to be a departmental priority. During 2002, DCD and the Milwaukee Economic Development Corporation (MEDC), which manages the city's Land Bank Program, will continue to develop new sites for business expansion.

Expanded Use of Development Zone Tax Credits: In 2001, DCD succeeded in having all industrially zoned sites in the city designated as State Development Zones. This enables employers adding new jobs to receive a Wisconsin income tax credit of up to \$8,000 for each new job created. Milwaukee industrial sites are significantly more attractive with this new designation and related tax credit. Credits are also available to cover 50% of environmental remediation costs. This program will be aggressively marketed toward employers.

Brownfield Development: In 2001, DCD continued to secure grant funding and develop staff capacity to redevelop brownfield properties. The department obtained more than \$2.8 million in funding from the U.S. Environmental Protection Agency, Wisconsin Department of Natural Resources, and Wisconsin Department of Commerce. It is being used to conduct site assessments and remediate property from the Menomonee Valley to neighborhood commercial strips. For the first time in 2001, CDBG resources were used in combination with MEDC, city, and grant funds to help with this effort.

Technology Development Initiative: The department is taking specific steps to strengthen the technology sectors of Milwaukee's economy, including the following:

- Assessing the e-commerce infrastructure and fiber optic networks in the city;
- Engaging a management-consulting firm to work with early stage companies. MEDC will fund a portion of the cost required to help these firms develop their products or processes, in order to seek funding from angel or venture capital investors. Additional assistance in applying for Small Business Innovation Research Grants will also be provided; and
- On a selective basis, grants or loans will be provided to extend fiber optic service to buildings in redevelopment projects.

OBJECTIVE 2

Support investment in new housing and operate federally-funded, low-income programs as measured by creating 500 new housing units in 2002.

OUTCOME HISTORY

DCD, in collaboration with the Department of Neighborhood Services (DNS), supports the development of market-rate and affordable housing in the city by providing assistance to potential housing developers. Specific services include assembling, preparing, and marketing property for residential development as well as facilitating the development process. As illustrated in Figure 3, DCD charts its progress toward this objective by

Outcome Indicators and Funding			
	2000 Experience	2001 Budget	2002 Projection
Number of new housing units.	674	500	500
Funding by Source:			
Capital Budget	\$170,006	\$200,000	\$200,000
Total:	\$170,006	\$200,000	\$200,000

tracking the number of housing units completed each year.

Milwaukee continued to experience large gains in the number of new housing units in 2000, with 357 units completed and almost 300 additional units under

construction. Demand is strong throughout the city and assessed values and levels of owner occupancy are increasing. This trend is expected to continue.

New units are being developed across a range of price levels, representing a mix of both new construction, conversion and renovation of former commercial, manufacturing, and warehouse properties. Units recently completed or under development on or near the Milwaukee River account for more than \$100 million in new residential investment. In the 2002 budget, \$200,000 in capital funding is provided towards this objective.

PROGRAMS AND ACTIVITIES

- Support private housing development
- Promote opportunities for new housing development
- Facilitate the regulatory and approval process for residential developers
- Assemble, prepare and market sites suitable for new housing development
- Analyze housing markets

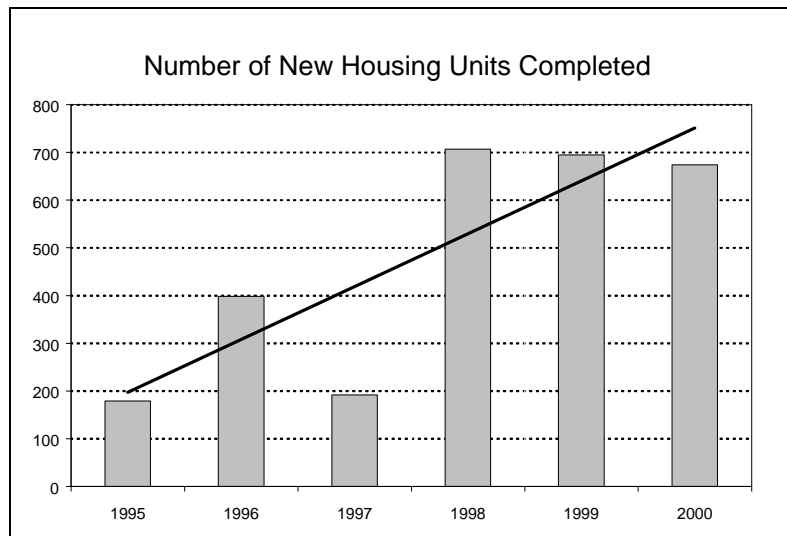
PROGRAM CHANGES

Beer Line “B” Housing: In 2002, DCD will continue to implement the master plan for development of this 44-acre project area along the Milwaukee River near the Brewers Hill neighborhood. When completed, Beer Line “B” will consist of up to 400 new high-quality housing units, as well as new neighborhood retail, commercial, and recreational development.

Neighborhood Development: In 2002, construction will continue on several new neighborhood residential projects, representing more than \$65 million in development. Many involve restoring vacant, publicly-owned land into productive use. Cherokee Point, a high-quality, traditional single-family development, is being built on the long-vacant, decommissioned freeway between 38th Street and Morgan Avenue. When complete, the development will contain 81 owner-occupied homes and 40 condominiums with a value of more than \$25 million.

Riverwoods is being developed on privately-owned and surplus Milwaukee Public School lands near 91st

Figure 3



Street and Mill Road, and will include 60 new single-family homes with a value of more than \$9 million.

In the Lindsay Heights neighborhood, DCD created a tax incremental district to support single-family infill development on vacant city-owned lots and the rehabilitation of existing properties between Walnut and Locust Streets, and 12th to 20th Streets. This unique initiative, which involves neighborhood residents, WHEDA, the local financial community, and non-profit organizations, is expected to result in more than \$8 million of residential investment over the next three years.

Two new residential projects providing housing for elderly residents are being developed on Milwaukee's southside. At the vacant De Paul Hospital site bordering Wilson Park, a high quality senior residential community is being developed. Once completed, Wilson Commons, will contain 249 residential units with a value of more than \$24 million. At a vacant city-owned parcel at 6th and Holt, Clare Heights, a 45-unit affordable senior community will be developed with a projected value of nearly \$4 million.

Downtown and Near- Downtown Neighborhoods: Milwaukee's Downtown Plan calls for the addition of 500 housing units annually in the downtown neighborhood. Several developments in progress in the downtown and near-downtown neighborhoods will contribute to achieving this goal in 2002.

In the Third Ward, the Jefferson Block Development is expected to contain 207 apartments, ground floor

retail space, and represent more than \$30 million in new investment. Immediately adjacent, at Milwaukee and Menomonee Streets, a combination of 284 apartments and condominiums units along with retail space is being developed on vacant, privately-owned land with an estimated value of more than \$31 million.

Van Buren Lofts will convert a vacant warehouse building on North Van Buren Street into 42 condominium units with a value of more than \$9.3 million. In addition, 32 new condominium units are being built on vacant, city-owned land near Warren Avenue and Lyon Street with a value of more than \$6 million. At the vacant Marina View Manor Nursing Home on North Prospect Avenue, 1522 On the Lake will be constructed, containing 90 high-end condominium units with a value of \$35 million. Finally, two high-rise luxury condominium towers are anticipated to be under construction in 2002. River-Tower on North Edison Street along the Milwaukee River, will contain 42 units, and Kilbourn Tower at the corner of East Kilbourn and Prospect Avenues, will contain 59 units with an estimated value of \$52 million.

Brewers Hill and the surrounding neighborhood are also seeing significant new residential development activity. Development of Brewer's Hills Commons, representing the reuse of the former Weyenberg Shoe site near Hubbard and Reservoir, will continue in 2002. It will produce 8 new townhomes and 16 new single-family homes with a value of more than \$8 million. Future phases of the development will include additional conversions of industrial space as well as new construction. On the Redevelopment Authority owned site at 4th Street and Reservoir, the development of Vineyard Terrace will continue. This project will contain 37 new townhomes and represent \$7 million in new investment.

In the Walker's Point neighborhood, a vacant industrial building on South Water Street on the Milwaukee River will be converted into 80 condominiums with a value of \$16 million. In addition, work will continue on another conversion at the Parts House at 2nd and Maple Streets, which will result in 56 loft condominiums with a value of \$11 million.

OBJECTIVE 3

Use planning and permitting as a tool to guide and support public and private investment as measured by 95% of customers in 2002 satisfied.

OUTCOME HISTORY

City planning and permitting activities provide guidance for value-adding development. Guidance comes in the form of the zoning ordinance, land use plans, urban design standards, the historic preservation ordinance, and building codes.

Administration of these regulations requires sensitivity to both the long-range goal of appropriate physical development and the immediate market realities to which the development community must react. The 2002 budget provides approximately \$3.3 million towards this objective.

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Percent of walk-in customers satisfied or very satisfied.	96.0%	95.0%	95.0%
Funding by Source:			
Operating Funds	\$2,166,951	\$2,555,486	\$2,660,720
Grant and Reimbursable	290,532	485,800	515,872
Capital Budget	76,556	150,000	150,000
Total:	\$2,534,039	\$3,191,286	\$3,326,592

PROGRAMS AND ACTIVITIES

- Land use planning
 - Create land use plans
 - Provide planning reviews (historic, etc.)
 - Create and administer urban design standards
- Development and Permit Center
 - Review project plans
 - Issue permits

PROGRAM CHANGES

City-Wide Zoning Code Revisions: Throughout 2000 and 2001 DCD revised the city's zoning code to make it more consistent and responsive to contemporary development needs. The Planning staff will begin implementation of the new code in late 2001 or early 2002. The new code's simplicity will be highly valued among developers, architects, and other users.

Development Center: During 2000, DCD consolidated all planning, plan examination and permitting operations into one central location. The New Development Center, located in the 809 North Broadway building, serves as a convenient, single point of contact for developers, contractors, and property owners undertaking development projects within the City of Milwaukee. The relationship between the Plan Examination and Planning Administration staffs was strengthened by this move and by the implementation of an electronic plan tracking system. The center has significantly expanded its presence on the Internet, and will continue to make permit forms and customer information available to the public through

its web site. The center helps streamline the development process to expedite private investment.

The Plan Examination staff in the Development Center will participate in two important initiatives during 2002, the implementation of a new Milwaukee zoning ordinance; and the implementation of a new State building code. The Development Center will continue to explore paperless permits and property records retention.

Measuring Permitting Performance: An important component in completing any development project is the receipt of the appropriate permits. The city can affect this phase with an efficient permitting center. Management will use indicators that include the following:

- Number of development plans approved;
- Average length of time to approve 80% of the development plans;
- Number of permits;
- Average waiting time for walk-in customers;
- Number of certificates of appropriateness; and
- Average length of time to issue certificates of appropriateness.

OBJECTIVE 4

Operate federally-funded low-income housing programs.

OUTCOME HISTORY

Federally-funded housing authority and rent assistance programs make up 92.6% of the resources administered by DCD in 2002. Therefore, DCD has chosen to establish a separate objective and measure for its support of low-income housing as part of the 2002 budget. External funding of approximately \$68.6 million will support this objective in 2002. HUD recently discontinued the Housing Authority Rating and DCD is working on a new measure.

PROGRAMS AND ACTIVITIES

- Lease, maintain, and improve public housing units
- Issue and renew rent assistance certificates and vouchers

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Housing Authority Rating.	96.0%	95.0%	N/A
Funding by Source:			
Grant and Reimbursable	\$70,937,330	\$74,700,529	\$68,610,000
Total:	\$70,937,330	\$74,700,529	\$68,610,000

- Inspect privately-owned housing units for rent assistance contracts
- Increase the self-sufficiency of residents through partnerships with other organizations

The Housing Authority has developed a number of award-winning programs that focus on the development of healthy communities that provide safe environments for families. It measures the impact of its programs by looking at changes in property values, educational levels, and income. HACM's budget reflects five major initiatives: 1) economic self-

sufficiency, 2) home ownership, 3) public safety, 4) health care services, and 5) physical improvements to ensure the long-term viability of city housing.

Economic Self-Sufficiency Initiatives: Long-term economic self-sufficiency is only achieved through employment. Recognizing this fact, the Housing Authority administers a number of initiatives to help residents obtain and retain family supporting jobs.

The Housing Authority partners with the Milwaukee Area Technical College to provide on-site training at the Hillside Family Resource Center to help adults improve skills and prepare for job promotions. In 2002, the Housing Authority will implement a series of "strategic alliances" with Milwaukee area employers and other community-based organizations to provide enhanced training opportunities for residents.

Between January 1997 and 2001, wage income among working adults increased 70%, with more than 200 residents placed in jobs with family sustaining wages. In 2000, 100 residents completed their GED's, 20 residents received their driver's license, and 100 residents completed short-term training programs.

Home Ownership: Since 1994, the Housing Authority has helped 155 of its residents purchase their own homes. Sixty-one of these residents purchased their home as part of HACM's 5(h) Program, a HUD-approved program for selling scattered sites. This added more than \$2 million to the city's tax base. HACM staff helped another 94 residents purchase homes in the private market. HACM has taken applications from 953 residents interested in its 5(h) Homeownership Program. The Housing Authority is currently processing more than 300 applications for the Section 8(y) Homeownership Program, which is a HUD-approved program for selling homes in the private sector to City of Milwaukee Rent Assistance participants.

Public Safety: HACM operates a high-quality in-house public safety program, headed by a former

command officer in the Milwaukee Police Department. The staff of 22 includes one of the most experienced detectives from the Milwaukee Police Department's Drug Enforcement Squad.

In 2000, HACM collaborated with the Milwaukee Police Department to close down 34 public housing drug houses. During 2000, HACM's Public Safety staff saved Milwaukee taxpayers more than \$800,000 by responding to lower priority calls to the Milwaukee Police Department and the Milwaukee Fire Department.

Health Care: The Lapham Park Venture is the first assisted living community in a public housing development in the Nation. It is a cost-effective alternative to nursing home placement. The Lapham Park Venture partners include the Housing Authority, Milwaukee County, S.E.T. Ministry, Community Care for the Elderly and St. Mary's Hospital, and provides comprehensive services for the elderly. During 2000, this partnership saved taxpayers more than \$1 million in nursing home care.

Due to closures of nursing homes within Milwaukee County, the Housing Authority is considering a pilot program with the Milwaukee County Department on Aging to house displaced nursing home residents at the Highland Park Housing Development. Support services and medical care will be provided 24-hours a day to help these elderly persons transition from nursing homes.

Physical Improvements: The Housing Authority has received three Hope VI Grants from the U.S. Department of Housing and Urban Development to revitalize Hillside Terrace, Parklawn and the Lapham Park Family Development, all of which need extensive renovation. Renovation work at Hillside Terrace concluded in 1999 and the revitalization of Lapham Park and Parklawn will be completed in 2002. HACM also plans to revitalize Highland Park within the next five years. All of this revitalization is being performed without any local tax dollar contribution.

SPECIAL PURPOSE ACCOUNTS

In 2002, DCD will oversee the administration of \$4.7 million in special purpose accounts. These accounts include the Fourth of July Committee (\$130,000), Milwaukee Arts Board (\$217,000), and the Browns-

field Remediation Project (\$50,000). It also administers the city's Business Districts (BIDs) totaling nearly \$4.3 million.

CAPITAL IMPROVEMENTS

In addition to the resources described above, DCD will administer \$17,850,000 in capital financing. DCD's 2002 capital budget reflects the department's efforts to request only those funds anticipated to be spent in 2002. Table 1 provides a summary of DCD's 2001 and 2002 capital budgets.

Tax Incremental Financing: As indicated in Table 1, the use of Tax Incremental Financing (TIF) will continue to support much of the department's capital spending. The city has established a total of 44 TIDs, 31 of which are currently active. Borrowing authority provided in the 2002 budget will finance existing TIF projects,

projects in the initial planning stages, and allow for the city's involvement in potential developments under discussion.

Table 1

Department of City Development Summary of Capital Funds		
Account Description	2001 Capital Budget	2002 Capital Budget
Advance Planning Fund	\$150,000	150,000
Neighborhood Commercial District	500,000	500,000
Business Improvement District Capital	500,000	500,000
Tax Incremental Districts	20,500,000	14,500,000
Development Fund	2,550,000	2,200,000
Total City Funding:	\$24,200,000	\$17,850,000

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	61.91	60.86	59.45	-1.41
FTEs - Other	169.68	204.85	192.05	-12.80
Total Positions Authorized	300	287	271	-16
DLH - Operations and Maintenance	111,431	109,548	107,010	-2,538
DLH - Other Funds	305,424	368,730	345,690	-23,040
EXPENDITURES				
Salaries and Wages	\$2,804,407	\$2,709,337	\$2,793,908	\$84,571
Fringe Benefits	910,439	900,681	949,928	49,247
Operating Expenditures	928,410	786,557	691,327	-95,230
Equipment	0	0	0	0
Special Funds	172,191	102,900	102,900	0
TOTAL	\$4,815,447	\$4,499,475	\$4,538,063	\$38,588
REVENUES				
Charges for Services	\$3,737,954	\$5,036,121	\$4,442,000	\$-594,121
Licenses and Permits	654,193	589,100	582,100	-7,000
Miscellaneous	585,620	300,000	300,000	0
TOTAL	\$4,977,767	\$5,925,221	\$5,324,100	\$-601,121

CAPITAL PROJECTS - Includes \$17,850,000 for the following projects:

- Advance Planning Fund - \$150,000
- Neighborhood Commercial District - \$500,000
- Business Improvement District Capital - \$500,000
- Tax Incremental Districts - \$14,500,000
- Development Fund - \$2,200,000

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
General Management and Policy Development Decision Unit			
-1	-1.00	Neighborhood Development Analyst Senior (Non-Operating Funding \$-43,796)	Reclassified in 2000 to support the Housing Authority and Neighborhood Development Programs.
1	1.00	Economic Development and Media Specialist (Non-Operating Funding \$43,890)	
-1	-1.00	Administrative Assistant II (Non-Operating \$-30,446)	Positions reclassified in 2000.
1	1.00	Credit Services Specialist (Non-Operating Funding \$35,983)	
-1	-1.00	International Economic Development Mgr (Operating Funding \$-57,503)	Position eliminated.
-1	-1.00	Economic Development Specialist (Non-Operating Funding \$-41,070)	Positions eliminated and transferred to another division due to operating efficiencies.
1	1.00	Economic Development Specialist (Non-Operating Funding \$54,885)	
1	1.00	Neighborhood Development Specialist (Non-Operating Funding \$61,451)	
-1	-1.00	Neighborhood Development Specialist (Non-Operating Funding \$-58,206)	
1	1.00	Economic Development Marketing Manager (Non-Operating Funding \$82,983)	
-1	-1.00	Economic Development Marketing Manager (Non-Operating Funding \$-74,422)	Reclassification in 2000.
-1	-1.00	Marketing Program Coordinator Senior (Operating Funding \$-53,954)	
1	1.00	Marketing Program Coordinator (Operating Funding \$39,741)	
-1	-1.00	Office Assistant IV (Operating Funding \$-30,446)	Vacant position eliminated.

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Systems Support Assistant (Non-Operating Funding \$-33,980)	Reclassifications in 2000.
1	1.00	Network Analyst Assistant (Non-Operating Funding \$43,311)	
-1	-1.00	Budget Management Analyst Lead (Non-Operating Funding \$-53,954)	
1	1.00	Program Monitor (Non-Operating Funding \$57,659)	
-3	-3.00	Office Assistant II (Non-Operating Funding \$-66,606)	Vacant positions eliminated.
0	0.49	DCD Personnel Officer (Non-Operating Funding \$23,497)	Change in funding source.
0	-0.49	DCD Personnel Officer (Operating Funding \$-23,497)	
0	-0.71	Accounting Manager (Operating Funding \$-46,936)	
0	0.71	Accounting Manager (Non-Operating Funding \$46,936)	
0	1.79	Miscellaneous Personnel Adjustment (Operating Funding \$54,000)	Change in vacancy assumptions.
1	1.00	Public Housing Programs Decision Unit Administrative Assistant I (Non-Operating Funding \$29,601)	Correction from previous year.
-1	-1.00	Office Assistant IV (Non-Operating Funding \$-32,378)	Positions eliminated because of the completion of grant.
-1	-1.00	Accounting Assistant II (Non-Operating Funding \$-27,513)	
-1	-1.00	Accounting Assistant II (Non-Operating Funding \$-30,446)	
-1	-1.00	Office Assistant IV (Non-Operating Funding \$-32,378)	
-1	-1.00	Custodial Worker II-City Laborer (Non-Operating Funding \$-26,530)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Youth and Family Services Manager (Non-Operating Funding \$-56,514)	Vacant positions transferred and made direct HACM.
-1	-1.00	Rent Assistance Coordinator Senior (Non-Operating Funding \$-50,611)	
-3	-3.00	Rent Assistance Inspector (Non-Operating Funding \$-132,129)	
-2	-2.00	Rent Assistant Specialist III (Non-Operating Funding \$-63,042)	
-16	-14.21	TOTAL	

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE (HACM)

NOTE: The budget of this agency is not under control of the Common Council. This information is being provided to portray more fully the activities administered by the Department of City Development.

The Housing Authority of the City of Milwaukee (HACM) is responsible for construction, management, and provision of safe, affordable, and quality housing with services that enhance residents self-sufficiency. A seven-member board of commissioners administers HACM. Members are appointed for staggered terms by the Mayor and confirmed by the Common Council.

ACTIVITIES

- Low-rent public housing management
- Rent Assistance Program (Section 8)
- Housing development and rehabilitation
- Veterans' housing
- Homeownership and self-sufficiency services

Table 1 provides an illustration of funding levels of various programs operated by the Housing Authority.

Budget: HACM's principal funding source is the federal government, through various programs administered by the Department of Housing and Urban Development (HUD). HUD provides an operating subsidy to make up the difference between the cost of managing public housing and the revenues received from 30% of resident's income. The Housing Authority anticipates additional reductions in federal funding as Congress and the Administration move to adjust spending to meet federal budget caps. The Housing Authority is pursuing additional opportunities for funding available through the Quality Housing and Responsibility Act of 1998 and the Wisconsin State Statutes.

Partnerships: The Housing Authority partners with community-based organizations to maximize public and private sector funding. S.E.T. Ministry provides case management services for elderly and

Table 1

HOUSING AUTHORITY PROGRAMS AND FUNDING		
PUBLIC HOUSING PROGRAM	2001 FUNDING	2002 ESTIMATED FUNDING LEVEL
1. LOW INCOME HOUSING		
Rental Income and Reserves	\$11,560,780	\$11,560,000
Federal Operating Subsidy	8,224,000	8,000,000
Subtotal:	\$19,784,780	\$19,560,000
2. URBAN REVITALIZATION (HOPE VI)		
Lapham	\$3,400,000	\$3,400,000
Parklawn	16,000,000	10,000,000
3. RENT ASSISTANCE PROGRAM	\$20,619,000	\$20,619,000
4. VETERAN'S HOUSING	\$3,449,850	\$3,449,850
5. OTHER	\$11,446,899	\$11,581,150
Total:	\$74,700,529	\$68,610,000

disabled persons in the high rise developments. Each of the five family developments has at least one on-site social service provider including the Boys and Girls Club, Right Alternative Family Service Center, Silver Spring Neighborhood Center, and the YMCA. The Housing Authority also operates the Family Resource Center at Hillside Terrace, which houses services provided by the Black Health Coalition, Day Care Services for Children, Inc., and MATC. The Housing Authority continues to work with Milwaukee County, the Private Industry Council, and the W-2 coordinating agencies to help public housing residents successfully transition from welfare to work.

Revitalization Funds: In 1999, HACM revitalized Hillside Terrace with a \$44 million grant from HUD and is in the process of revitalizing Parklawn with a \$35 million HUD grant. HACM also received tax credits for the revitalization of the Lapham Park family development and recently submitted an \$11 million Hope VI Grant application to HUD. HACM is currently renovating the Lapham Park high rise to create a low-income assisted living community using approximately \$1 million in private and public sector funding.

REDEVELOPMENT AUTHORITY OF THE CITY OF MILWAUKEE (RACM)

NOTE: The budget of this agency is not under control of the Common Council. This information is being provided to give a complete picture of the activities administered by the Department of City Development.

The Redevelopment Authority is an independent corporation created by state statute in 1958 and derives its powers solely from state law. The Redevelopment Authority's relationship with the City of Milwaukee is more particularly described in the 1998 audited financial statements of the Authority, which are appended hereto.

Board members are appointed by the Mayor and confirmed by the Common Council and oversee the affairs of the Redevelopment Authority. The Redevelopment Authority relies upon the Department of City Development for the professional, technical and administrative support necessary to carry out its mission. This is accomplished through an annual cooperation agreement with the City of Milwaukee, with operating funds provided through the city's CDBG Program for:

- Management of financial affairs
- Land use planning and urban design guidance
- Real estate acquisition and disposition
- Relocation assistance for displaced families and businesses
- Property management and environmental investigation
- Housing and economic development project management

The mission of the Redevelopment Authority is to eliminate blighting conditions that inhibit neighborhood reinvestment; foster and promote business expansion and job creation; and facilitate new business and housing development. Toward that end, the Redevelopment Authority:

- Prepares and implements comprehensive redevelopment plans
- Assembles real estate for redevelopment
- Is empowered to borrow money, issue bonds and make loans
- Can condemn property (eminent domain) in furtherance of redevelopment objectives

The Redevelopment Authority had assets totaling more than \$66.4 million as of December 31, 2000, but with an equal corresponding liability (out-

standing loans, bonds, and other obligations). This includes an inventory of real estate being held for development with a gross value of approximately \$7.8 million.

The Redevelopment Authority is expert in the field of economic development. Over the years, it has issued more than \$500 million in bonds to leverage and support private investments. It participated directly in the planning, design, and development of retail and cultural centers, business parks, residential subdivisions and stand-alone commercial ventures.

The Redevelopment Authority has a reputation for promoting and attracting development in both stable and marginal markets, and for creating model solutions to complex real estate development and environmental challenges throughout Milwaukee's neighborhoods.

Some representative examples of projects and activities administered by the Redevelopment Authority include:

- Assemblage and sale of land, Tax Increment District (TID) loan administration and the issuance of bonds for the construction of offices and institutional facilities, affordable rental and owner occupied housing, and retail projects.
- Publication of RFPs for the purchase and renovation of historic structures in such neighborhoods as King Drive, Brewer's Hill, Walker's Point, Concordia and Cold Spring Park.
- Capital investment and continued participation in the Housing Partnership Corporation revolving loan fund for below-market rate loans to non-profit organizations for affordable housing production.
- Preparation of comprehensive plans to guide future development in the Menomonee River Valley, Midtown, and Beerline areas.

Miscellaneous bond transactions for business recruitment, retention, and expansion in locations throughout the city for real estate purchase, facility construction and equipment.

MILWAUKEE ECONOMIC DEVELOPMENT CORPORATION (MEDC)

NOTE: The budget of this agency is not under control of the Common Council. This information is being provided to give a complete picture of the activities administered by the Department of City Development.

The Milwaukee Economic Development Corporation (MEDC) is a non-stock, non-profit organization formed in 1971 to promote economic development for the benefit of the citizens of the City of Milwaukee. The principal objective of the corporation is to benefit the community by fostering the increase of employment opportunities and expansion of business and industry within the metropolitan Milwaukee area. The corporation uses its own funds to finance projects to achieve that objective. The corporation is exempt from federal and state income taxes under a provision of Section 501(c)(3) of the Internal Revenue Code.

A 17-member board of directors consisting of the Mayor, the Comptroller, the President of the Common Council, 2 council members, and 13 representatives of the business community oversees MEDC's activities. MEDC's board delegates authority for policy actions to its Executive Committee, consisting of the Mayor, the Comptroller, the President of the Common Council, one council member, and six business community representatives.

Most staffing and other services are provided to MEDC through the Department of City Development under a service agreement that is reviewed periodically by the Common Council and MEDC. The Development Corporation reimburses the city for personnel and resources provided to the corporation under this agreement. In 2000 total assets of MEDC in 2000 were \$50.1 million.

MEDC uses its resources, as well as those of the Small Business Administration, to help finance to businesses that create job opportunities and new investment in Milwaukee. The programs available through MEDC include:

SBA 504 Debenture Guaranty: Through this program, eligible businesses can receive second mortgage funds for 40%-45% (up to \$1,300,000) of a

project's total cost. This program has been used effectively to assist fixed-asset projects ranging in size from \$400,000 up to \$2 million.

Second Mortgage Program: This program is used primarily to assist in providing second mortgage financing for small businesses expanding or locating in the City of Milwaukee. Funds for up to 40% (\$300,000- \$500,000) of the total cost of a fixed-asset project are available. A 10% equity injection is required.

Land Development Program: MEDC uses some of its funds to acquire, improve, develop, and market industrial sites to promote economic development. Revenues are derived from the sale, lease, or rental of land holdings from which the expenses of administering the program and maintaining properties are paid.

Target Loan Program: This program was designed to aid start-up and existing businesses in obtaining conventional bank funds or SBA-guaranteed bank funds to undertake a business project. Low-cost loans are available for up to 40% of a project's total cost (not to exceed \$300,000). The program is available to all minority, women, and disadvantaged business owners and all businesses located in the Community Block Grant area.

Partnership Loan Program: The Partnership Loan Program is MEDC's most flexible program. Under this program, the corporation invests or lends in partnership with a venture capitalist and asset-based lender.

Capital Access Program (CAP): MEDC began this program in 1992 to provide access to private capital for small businesses. MEDC, the State of Wisconsin, and the City of Milwaukee fund the program. CAP is structured as a public/private loan portfolio reserve program. Most loans range from \$10,000 to \$50,000.

COMMON COUNCIL-CITY CLERK

EXECUTIVE SUMMARY

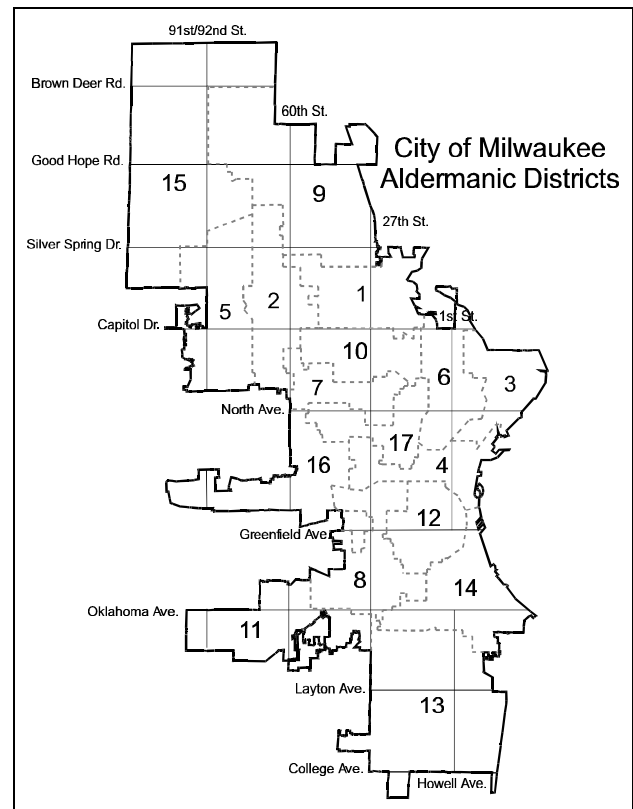
- MISSION:** To establish city policy and law, oversee the administration of city government, adopt an annual budget, ensure the delivery of services to constituents, and provide public information about city government.
- STRATEGIC ISSUES:** Perform the legislative function by conducting Common Council and committee meetings, providing meeting and research support services, administering licensing functions and administering the city's cable television franchise.
- Ensure the delivery of city services to constituents by responding to requests for service and addressing neighborhood issues.
- Deliver information about the operation of city government by providing access to and disseminating official documents and records of city government, conducting public relations activities, and by television programming.
- INITIATIVES FOR 2002:** Implement improvements to citywide constituent tracking system.
- Improve public access to license information.

BACKGROUND

The Common Council City Clerk's Office constitutes the legislative branch of city government. The Council consists of 17 members, representing separate districts, who are elected for four-year terms. The next election is in the spring of 2004. The City Clerk's Office supports the activities of the Council and general operations of city government. It is comprised of the Central Administration Division, the Council Services Division, the Legislative Reference Bureau, and the License Division.

Central Administration staff provides general administrative support functions for the department and assists Council members in their work with constituents. The Council Services Division provides a diverse range of support to Council members, from staffing Council committees to maintaining operations of the city's cable television channel. The Legislative Reference Bureau staff author and analyze legislative initiatives; review and make recommendations on fiscal matters; and maintain a library of books, reports, periodicals, newspapers, and online databases. The License Division administers the Common Council's licensing operations, including liquor, cigarette, bartender, and public passenger ve-

Figure 1



hicle licenses. The Common Council City Clerk's 2002 operating budget totals \$8,278,947, including

\$463,351 in special purpose accounts and \$151,558 in grant funding.

OBJECTIVE 1

Perform the legislative, constituent service, and public information functions of the Common Council and City Clerk's Office effectively and efficiently.

OUTCOME HISTORY

The 2002 budget for the Common Council City Clerk's Office totals \$8,278,947, which allows it to carry out the objectives of legislative activity, constituent services support, and public information. Salaries and fringe benefit costs represent 79.3% of allocated funds.

ACTIVITIES

Common Council:

- Conduct regular and special council and committee meetings
- Adopt resolutions, ordinances and motions
- Confirm appointments
- Grant licenses
- Adopt an annual city budget
- Respond to numerous requests for service and information from individual constituents and neighborhood organizations
- Ensure that city services are being adequately provided to districts

City Clerk's Office:

- Keep official records of all council business
- Issue agendas, minutes, hearing notices, and other documents in support of council business
- Produce and distribute the official copy of the City Charter and Code of Ordinances to city departments and the public
- Provide general research, fiscal research, budget analysis, and legislative drafting services to the Council
- Administer over 100 types of licenses which are granted by the Council
- Support Council service-delivery efforts by providing constituent support staff and staff assigned to investigate and resolve neighborhood concerns

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
None.	N/A	N/A	N/A
Funding by Source:			
Operating Funds	\$7,155,076	\$7,249,557	\$7,664,038
Grant and Reimbursable	49,881	56,600	151,558
Capital Budget	0	69,000	0
Special Purpose Accounts	341,929	434,600	463,351
Total:	\$7,546,886	\$7,809,757	\$8,278,947

- Publicize Common Council business by official notices and cable television broadcast and by press releases and newsletters issued by individual Council members
- Operate the city cable television channel
- Produce newsletters, press releases, and other city publications, including web pages related to city government functions
- Operate a reference library for use by all city departments and the public
- Administer the city's cable television agreement

PROGRAM CHANGES

Position Changes: The 2002 budget recognizes the reclassification in 2001 of several positions in the Common Council City Clerk's budget. These reclassifications better match position compensation with responsibilities and duties. Reclassifications include: the Council Network Administrator, pay grade 7, was reclassified to Network Administrator, pay grade 8; the Administrative Services Coordinator position, pay grade 4, was reclassified to Management and Accounting Officer, pay grade 6; the Council Network Analyst, pay grade 5, was reclassified to Network Coordinator Senior, pay grade 6; the Common Council Office Systems Coordinator, pay grade 4, was reclassified to Office Supervisor II, pay grade 2; and the Office Assistant IV, pay grade 445, was re-titled Administrative Assistant II, pay grade 445.

Create Aldermanic Travel Special Fund: The 2002 budget eliminates the following special purpose accounts: the Convention and Travel Expense Fund, the

League of Wisconsin Municipalities Meeting Fund, and the Seminar Fund. These accounts were used, in part, to support aldermanic travel to various conventions. An Aldermanic Travel Special Fund is created in the City Clerk's 2002 budget to support these activities. Funding of \$52,000 is provided in 2002.

Improving Public Access to License Information:

The 2002 budget includes \$15,000 for the initial phase of a project to improve public access to license information. The project will design and implement an internet-based system to provide user-friendly online access to the License Information System, including license information and applications.

Cable Regulations Special Purpose Account: The 2002 budget includes \$20,000 for the Cable Regulations Special Purpose Account. This account provides funding for a consultant to provide technical assistance to the City Clerk on cable regulation issues. This account was not funded in 2001.

Constituent Service Referral System: A special purpose account to develop and maintain a Constituent Service Referral System, an automated system for constituent service requests, has been funded since 2000. The 2002 budget provides \$50,000 to fund additional modifications to integrate the system with other software and information systems in city de-

partments. Building interfaces between departmental information systems will improve integration among separate tracking systems, thereby eliminating duplication of effort and facilitating sharing of information.

Increased Community Development Block Grant Funding:

The 2002 budget authorizes the use of Community Development Block Grant re-programming dollars to fund 80% of the Community Services Coordinator and Community Services Specialist-Senior positions. These positions provide services to all city residents but the majority of their services are provided within the Neighborhood Strategic Planning areas, which are eligible for block grant funding.

Transfer of Residential Daytime Parking Permit Function:

The 2002 budget identifies the Common Council's intent to transfer authority for issuing residential daytime parking permits from the Common Council-City Clerk's License Division to the Police Department's district police stations. When transferred, the Police Department will issue both the residential daytime parking privilege for non-conforming residential uses permit and the residential daytime parking privilege for commuter impacted areas permit.

OTHER ACTIVITIES AND CHANGES

License Division Reorganization: The 2002 budget reflects other position changes enacted in 2001 by the Common Council. In October 2001, the Common Council implemented a reorganization of the License Division by adopting file number 010508. The License Division reorganization is intended to improve recruitment and retention of staff, ensure that licensing staff has the professional skills required for their job duties, and improve the long-term management of the Division. The reorganization makes the following changes:

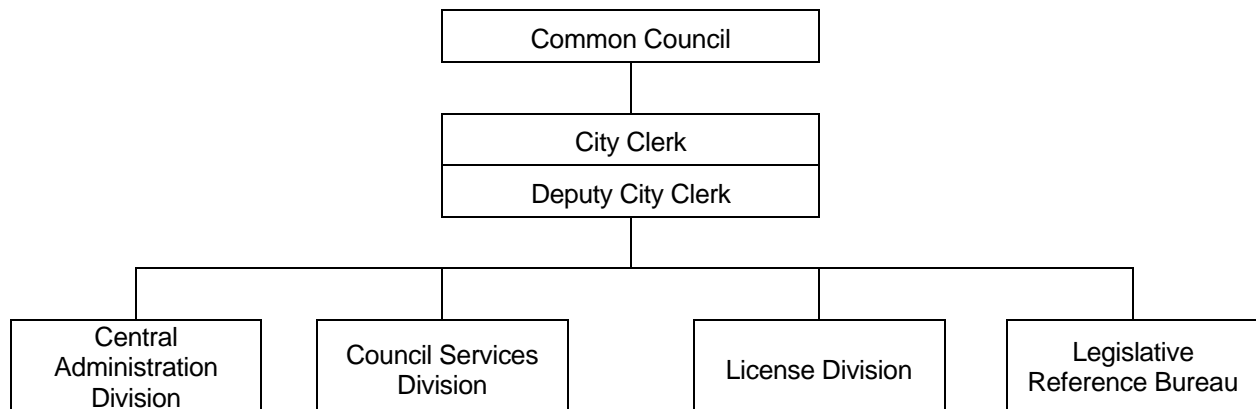
- Increases the salary grade of the License Division Manager from salary grade 9 to salary grade 11;

- Increases the salary grade of the License Division Assistant Manager from salary grade 6 to salary grade 9; and
- Eliminate one Office Supervisor II (salary grade 2), two License Assistant II (pay range 455) and five License Assistant I (pay range 435) positions, and replace these positions with two License Coordinator (salary grade 4) and six License Specialist (pay range 455) positions.

This reorganization of the License Division will ensure that licensing is performed with maximum efficiency and effectiveness.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	101.58	103.39	102.40	-0.99
FTEs - Other	0.70	1.00	2.60	1.60
Total Positions Authorized	110	109	109	0
DLH - Operations and Maintenance	182,844	184,338	184,320	-18
DLH - Other Funds	1,267	1,800	4,680	2,880
EXPENDITURES				
Salaries and Wages	\$4,725,921	\$4,482,112	\$4,783,940	\$301,828
Fringe Benefits	1,471,781	1,479,097	1,626,539	147,442
Operating Expenditures	710,959	937,214	890,524	-46,690
Equipment	132,588	103,650	92,000	-11,650
Special Funds	<u>113,827</u>	<u>247,484</u>	<u>271,035</u>	<u>23,551</u>
TOTAL	\$7,155,076	\$7,249,557	\$7,664,038	\$414,481
REVENUES				
Charges for Services	\$3,236,715	\$24,500	\$3,440,000	\$3,415,500
Licenses and Permits	1,636,255	1,376,500	1,352,900	-23,600
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$4,872,970	\$1,401,000	\$4,792,900	\$3,391,900

CAPITAL PROJECTS - None**ORGANIZATION CHART**

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Council Network Administrator (Operating Funding \$-61,287)	Positions reclassified in 2001.
1	1.00	Network Administrator (Operating Funding \$69,791)	
-1	-1.00	Administrative Services Coordinator (Operating Funding \$-50,611)	
1	1.00	Management and Accounting Officer (Operating Funding \$58,898)	
-1	-1.00	Council Network Analyst (Operating Funding \$-41,700)	
1	1.00	Network Coordinator Senior (Operating Funding \$48,910)	
-1	-1.00	Common Council Office Systems Coordinator (Operating Funding \$-44,545)	
1	1.00	Office Supervisor II (Operating Funding \$47,604)	
-1	-1.00	Office Assistant IV (Operating Funding \$-27,818)	
1	1.00	Administrative Assistant II (Operating Funding \$32,132)	
-1	-1.00	Office Supervisor II (Operating Funding \$-47,604)	Reorganization of the License Division in 2001 adopted by the Common Council in file 010508.
-5	-5.00	License Assistant I (Operating Funding \$-152,383)	
-2	-2.00	License Assistant II (Operating Funding \$-69,007)	
2	2.00	License Coordinator (Operating Funding \$88,683)	
6	6.00	License Specialist (Operating Funding \$196,127)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
0		Community Services Specialist-Senior] Positions funded 80% by the Community Development Block Grant.
	-0.80	(Operating Funding \$-43,269)	
	0.80	(Non-Operating Funding \$43,269)	
0		Community Services Coordinator	
	-0.80	(Operating Funding \$-46,127)] Adjustment to projected vacancy level.
	0.80	(Non-Operating Funding \$46,127)	
0	0.61	Various Positions	
0	0.61	TOTAL	

COMPTROLLER

EXECUTIVE SUMMARY

MISSION:	To fulfill the responsibilities of the independently elected Comptroller of the City of Milwaukee.
STRATEGIC ISSUES:	<p>Develop, refine, and encourage adherence to financial policies which promote and support the city's sound fiscal health, safeguard the city's assets, and maintain the city's bond ratings.</p> <p>Provide independent and objective analyses of major financial issues facing the city and its government.</p> <p>Audit, develop, enhance, maintain, and support payroll, financial, operational, and/or reporting systems to ensure integrity of financial operations, timely production of payroll, and adherence to laws and regulations.</p> <p>Develop revenue projections to ensure appropriate estimates of non-property tax resources.</p> <p>Coordinate and monitor financial activity of grantees to ensure compliance with grantor agency requirements.</p> <p>Perform critical review of diverse financial transactions affecting the centralized accounting system to ensure consistency with accounting standards, appropriation authority, and internal controls.</p>
INITIATIVES FOR 2002:	<p>Continue to improve the city's financial system and processes.</p> <p>Implement the provisions of Government Accounting Standards Board Statement Number 34 (GASB 34).</p>

BACKGROUND

The City of Milwaukee Comptroller is an elected official whose duties include administration of city financial activities, such as general and grant accounting, payroll, debt issuance and management, and auditing. The Comptroller also provides general oversight of city activities to ensure compliance with Generally Accepted Accounting Principals (GAAP) and various other regulations imposed by city ordinance, state law, or grant contract.

The Comptroller advises other city policymakers on financial matters involving the city. The Comptroller,

his deputy, and his special deputies provide leadership and representation to city-sponsored committees and various projects including the following: the Common Council's Finance and Personnel Committee, the Community Development Committee, the Wisconsin Center District Board, the Charter School Review Committee, the Pension Board, Pabst Theater Board, City Records Committee, Milwaukee Economic Development Committee (MEDC), Summerfest, Central Board of Purchases, the Public Debt Commission, and the Deferred Compensation Board.

OBJECTIVE 1

Provide independent fiscal, financial, and program analysis to ensure that the city's financial opera-

tions with federal, state, and local requirements and the city's financial obligations are met in an

efficient, accurate, and timely manner by retaining an AA+ bond rating in 2002 and striving to achieve 100% accuracy in revenue estimations.

OUTCOME HISTORY

Retaining the city's high "investment grade" bond ratings continues to be of prime importance and serves to keep borrowing interest cost lower. This lower cost of any required borrowing, both for capital and cash flow purposes, produces direct benefits to the taxpayer. High investment grade ratings of AA+ from Fitch, Aa2 from Moody's and AA from Standard & Poor's are currently in place. The latter (Standard & Poor's) rating does represent a 2001 downgrade from a previous rating of AA+.

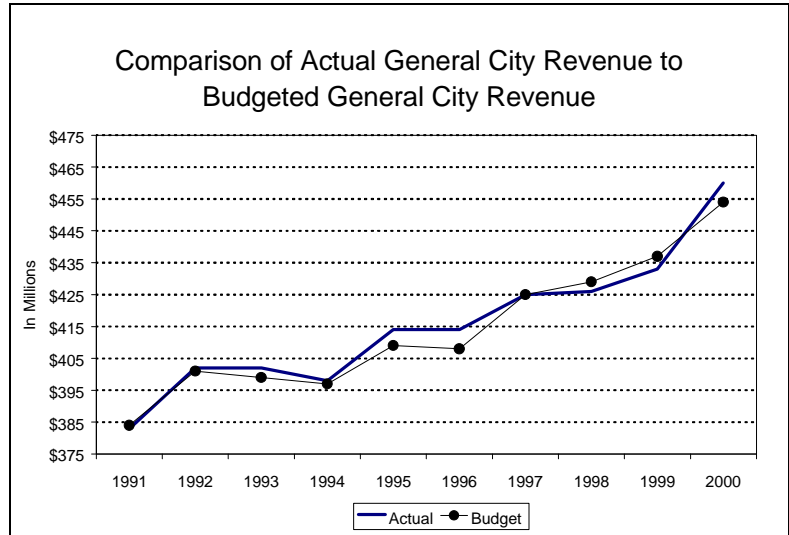
Debt management opportunities, including prudent use of debt reserves and adhering to capital financing policies help maintain and/or bolster the city's bond rating. For example, the city took advantage of declining interest rates in June, 2001 to refund over \$30,000,000 of its outstanding debt providing over \$600,000 of net present value savings to taxpayers. More information on debt management is provided in the "City Debt" section.

One measure of the department's success at fulfilling its financial responsibilities is the accuracy of its revenue projections. As shown in Figure 1, with the exception of 1998, the Comptroller has estimated revenues within 2% of actual revenues received in every year since 1981. Accurate revenue projections also allow the city to prepare more effective financial statements and produce financial reports that

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Accuracy of Revenue Est.	99.1%	100.0%	100.0%
Bond Rating (Fitch)	AA+	AA+	AA+
Funding by Source:			
Operating Funds	\$962,291	\$1,070,610	\$1,056,723
Total:	\$962,291	\$1,070,610	\$1,056,723

Figure 1



demonstrate its fiscal strength. Additional information on revenues can be found in the "Sources of Funds for General City Purposes" section. The Comptroller's Office will dedicate approximately \$1.1 million to accomplishing this objective in 2002.

ACTIVITIES

- Auditing
- Revenue estimates
- Review economic development projects

OBJECTIVE 2

Maintain the city's official accounting records in such a way as to ensure accuracy, efficiency, and reliability as measured by an unqualified audit opinion in 2002. Process, maintain, and report on financial position and operating results.

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Unqualified audit opinion by the city's outside auditor.	Yes	Yes	Yes
Funding by Source:			
Operating Funds	\$2,900,507	\$3,182,495	\$3,797,213
Grant and Reimbursable	531,703	573,114	476,993
Total:	\$3,432,210	\$3,755,609	\$4,274,206

OUTCOME HISTORY

The official accounting records of the city play an important role in its operations. Without reliable information on accounts payable, accounts receivable, and payroll, the city could not meet its obligations; bills would go unpaid; city employees would not receive paychecks; and important services could not be provided.

Reliable accounting records help the city determine its present financial position. They also serve to guide its future direction. Yet, despite the importance of maintaining accurate account information, it is difficult to measure the effect of such records separately. Timely, reliable, and accurate accounting records are essential to delivery of important public services such as garbage collection and public health services. Systematic audit of the accounting system warrants against failures in important information by ensuring that accurate accounting records are being kept. In 2002, approximately \$4.3 million will be allocated to this objective.

ACTIVITIES

- General accounting
- Payroll administration
- Oversight of federal, state, and other financial assistance
- Coordination of the city's financial operations and systems

PROGRAM CHANGES

Payroll/FMIS: The Comptroller's Office will continue to work with the Information Technology Management Division in the Department of Administration to maintain, upgrade and support both the financial and payroll systems in 2002. The city will report its 2001 results of operations under an upgraded version of PeopleSoft. They will also upgrade the Human Resource Payroll Module in 2002.

Approximately \$168,000 has been budgeted to support the payroll upgrade and on-going payroll support efforts. This money will be utilized for the following: 1) to pay for the cost of payroll upgrade modifications to accommodate labor contract provisions; 2) to enable the Comptroller's Office to respond in a timely manner to court imposed orders effecting payroll; 3) to provide payments in lieu of retroactive wage settlements; 4) to provide contract provisions in

adherence with the three tier group life insurance coverage, domestic partner insurance and leave accrual rates (which vary by union and length of service); 5) to assure pay accuracy for items such as Police Office holiday pay premium; 6) to ensure that the Comptroller's Office has the capability to respond to federally-mandated payroll provisions such as mandated by the Fair Labor Standards Act; 7) to ensure that accurate cost accounting data is recorded in the general ledger as it relates to payroll; and 8) to ensure that discretionary bonuses are correctly calculated for 39 different earning codes.

Governmental Accounting Standards (GASB) Statement #34: A new governmental accounting financial reporting model must be implemented by the City of Milwaukee in 2002 for 2003 financial reporting. The 2002 budget includes \$43,000 of appropriation authority for this implementation.

In June, 1999 the GASB established a new framework for the financial reports of state and local governments. This new framework or financial model represents the biggest single change in the history of governmental accounting and financial reporting. It affects all state and local governments that issue reports in accordance with generally accepted accounting principles. It was adopted by GASB after a decade long, comprehensive reexamination of the traditional financial reporting model. That effort included government representatives, public accounting firm auditors, municipal bond credit rating agencies and other users of governmental financial statements.

The new government reporting model retains many features of the current public sector accounting and financial reporting model. To better serve users of state and local government financial reports, new features include: government-wide financial reporting (to provide a clear picture of the government as a single unified entity), additional long-term focus for governmental activities (including inflows, outflows, and balances of spendable financial resources), narrative overview and analysis (of the basic financial statements), information on major funds (to highlight those funds' activities), and expanded budgetary reporting (including comparison of the original budget to actual activities and elimination of aggregated budget presentations). This major change in financial reporting is intended to make financial statements more useful to specialized users, governmental officials and the general public.

OTHER ACTIVITIES AND CHANGES

Special Purpose Accounts: The Comptroller's Office is responsible for several special purpose accounts that are not defined in any of their objectives totaling \$2.8 million. Some examples of these accounts are

the Reserve for the 27th Payroll (\$1.82 million) and the Contribution Fund (\$675,000). Additional information on these special accounts can be found in the "Special Purpose Accounts - Miscellaneous" section.

CAPITAL IMPROVEMENTS SECTION

The Comptroller's Office is anticipating a renovation of its Heating Ventilation and Air Conditioning System (HVAC) in 2002. Funding for the HVAC project

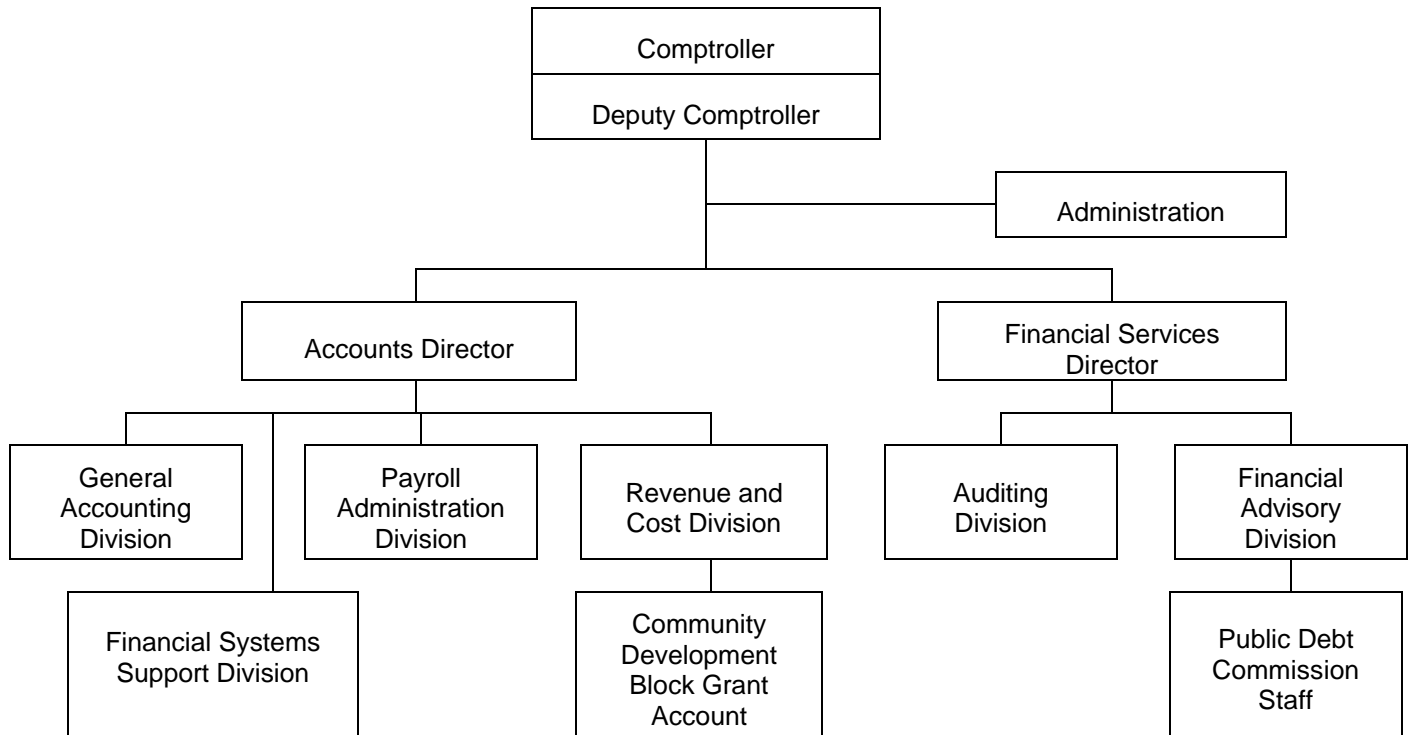
will be in the Department of Public Work's Operation Division in the Facility System Program Fund.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	45.29	56.07	57.17	1.10
FTEs - Other	7.94	10.93	10.83	-0.10
Total Positions Authorized	67	68	68	0
DLH - Operations and Maintenance	81,523	98,114	102,906	4,792
DLH - Other Funds	14,292	19,674	19,494	-180
EXPENDITURES				
Salaries and Wages	\$2,406,042	\$2,520,352	\$2,913,927	\$393,575
Fringe Benefits	713,541	831,716	990,735	159,019
Operating Expenditures	659,226	793,027	856,124	63,097
Equipment	4,320	59,500	88,150	28,650
Special Funds	<u>79,669</u>	<u>48,510</u>	<u>5,000</u>	<u>-43,510</u>
TOTAL	\$3,862,798	\$4,253,105	\$4,853,936	\$600,831
REVENUES				
Charges for Services	<u>\$224,713</u>	<u>\$100,000</u>	<u>\$129,600</u>	<u>\$29,600</u>
TOTAL	\$224,713	\$100,000	\$129,600	\$29,600

CAPITAL PROJECTS - HVAC funding will be included in the Department of Public Works Operations Division in the Facility System Program Fund.

ORGANIZATION CHART



DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Administration Division Accounts Director (Operating Funding \$-89,870)	Reallocation due to Market Study.
1	1.00	Accounts Director (Y) (Operating Funding \$102,382)	
-1	-1.00	Financial Services Director (Operating Funding \$-89,870)	
1	1.00	Financial Services Director (Y) (Operating Funding \$102,382)	
-1	-1.00	Financial Advisory Division Revenue and Financial Service Assistant Senior (Operating Funding \$-61,430)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
1	1.00	Revenue and Financial Service Specialist (Operating Funding \$60,225)	Reallocation due to Market Study.
-1	-1.00	Financial Analyst (Operating Funding \$-40,966)	
1	1.00	Revenue and Financial Services Assistant (Operating Funding \$46,657)	
-1	-1.00	General Accounting Division Accountant IV (Operating Funding \$-69,637)	
1	1.00	Accounting Manager (Operating Funding \$79,313)	
-1	-1.00	Accounting Manager (Operating Funding \$-59,580)	
1	1.00	Assistant Accounting Manager (Operating Funding \$69,791)	
-4	-4.00	Management Accounting Specialist (Operating Funding \$-151,418)	
4	4.00	Management Accounting Specialist Senior (Operating Funding \$186,627)	
-1	-1.00	Accounting Assistant I (Operating Funding \$-29,129)	
1	1.00	Accounting Program Assistant I (Operating Funding \$33,379)	
-5	-5.00	Accounting Assistant II (Operating Funding \$-152,647)	
4	4.00	Accounting Program Assistant II (Operating Funding \$142,840)	
-2	-2.00	Accounting Assistant III (Operating Funding \$-66,202)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
3	3.00	Accounting Program Assistant III (Operating Funding \$112,381)	Reallocation due to Market Study.
-1	-1.00	Office Assistant II (Operating Funding \$-26,197)	
1	1.00	Administrative Assistant I (Operating Funding \$30,277)	
-1	-1.00	Accountant III (Operating Funding \$-57,503)	
1	1.00	Accounting Supervisor (Operating Funding \$57,953)	
-1	-1.00	Payroll Administration Division Payroll Manager (Operating Funding \$-69,637)	
1	1.00	City Payroll Manager (Operating Funding \$82,001)	
-2	-2.00	Payroll Specialist (Operating Funding \$-114,910)	
2	2.00	City Payroll Specialist (Operating Funding \$113,734)	
-3	-3.00	Personnel Payroll Technician III (Operating Funding \$-99,303)	
3	3.00	City Payroll Assistant Senior (Operating Funding \$118,284)	
-1	-1.00	Personnel Payroll Assistant I (Operating Funding \$-29,129)	
1	1.00	City Payroll Assistant (Operating Funding \$33,876)	
-1	-1.00	Auditing Division Auditor Supervisor (Operating Funding \$-69,637)	
1	1.00	Auditing Manager (Operating Funding \$79,313)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	EDP Auditor Senior (Operating Funding \$-56,045)	Reallocation due to Market Study.
2	2.00	Information Systems Auditor Senior (Operating Funding \$120,657)	
-2	-2.00	Auditor-Lead (X) (Operating Funding \$-115,005)	
2	2.00	Auditor-Lead (X) (Operating Funding \$130,991)	
-5	-5.00	Auditing Specialist (Operating Funding \$-131,028)	
5	5.00	Auditing Specialist (Operating Funding \$154,810)	
-1	-1.00	Accounting Assistant II (Operating Funding \$-33,101)	
1	1.00	Accounting Program Assistant II (Operating Funding \$37,063)	
-1	-1.00	EDP Auditor Lead (Operating Funding \$-57,961)	
-1	-1.00	Revenue and Cost Division Grant-In-Aid Fiscal Coordinator (Operating Funding \$-69,637)	
1	1.00	Grant-In-Aid Fiscal Coordinator (Operating Funding \$79,313)	Shift in funding source.
-5	-5.00	Management Accounting Specialist (Operating Funding \$-260,717)	
5	5.00	Management Accounting Specialist Senior (Operating Funding \$285,094)	
0	0.10	Management Accounting Specialist Senior (Operating Funding \$6,051)	
0	-0.10	Management Accounting Specialist Senior (Non-Operating Funding \$-6,051)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Management Accountant Senior (Operating Funding \$-49,083)	Reallocation due to Market Study.
1	1.00	Network Coordinator Senior (Operating Funding \$57,794)	
-1	-1.00	Financial Systems Analyst Senior (Operating Funding \$-42,124)	
1	1.00	Financial Systems Analyst Senior (Operating Funding \$48,106)	
0	1.00	Miscellaneous Personnel Experience Adjustment (Operating Funding \$0)	
0	1.00	TOTAL	

MUNICIPAL COURT

EXECUTIVE SUMMARY

MISSION:	To adjudicate ordinance violation cases impartially to ensure that the legal rights of individuals are safeguarded while public interest is protected.
STRATEGIC ISSUES:	<p>Provide fair and reliable adjudication of cases despite varying caseloads.</p> <p>Enhance public safety.</p> <p>Ensure public accessibility to Municipal Court services.</p> <p>Continue effective enforcement of Municipal Court judgments.</p> <p>Provide accountability for public resources.</p>
INITIATIVES FOR 2002:	<p>Procure, modify, and plan for installation of a new case management system.</p> <p>Manage the Court's varying caseload to minimize delay while being responsive to the public.</p>

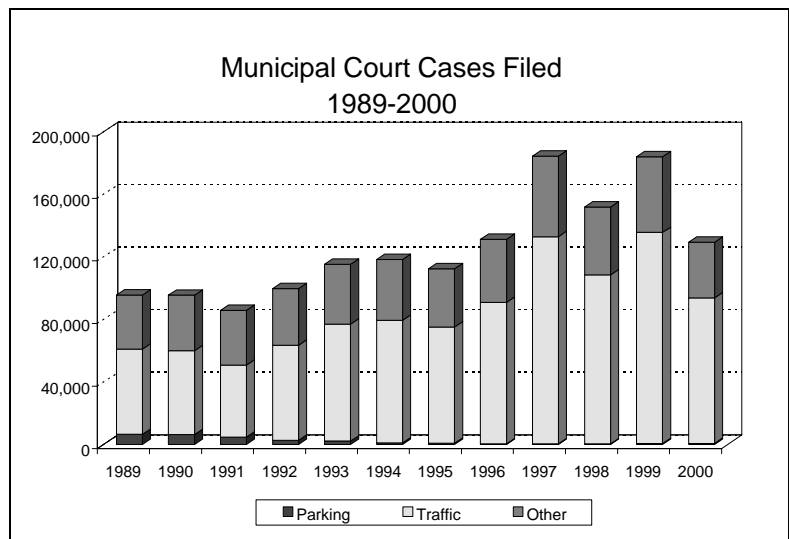
BACKGROUND

The Municipal Court (the Court), a part of the statewide court system, adjudicates exclusively city ordinance violations. The Court has three publicly elected judges who preside over the Court's three branches. The presiding judge appoints the Chief Court Administrator who oversees the administrative functions of the Court.

In 2001, the Court operated in the context of great uncertainty regarding its caseload. In the past five years the Court's caseload has increased and decreased dramatically twice. In two of those years, 1997 and 1999, the number of new case filings exceeded 180,000 (see Figure 1). Case filings decreased by 17.6% in 1998 as the Court imposed restrictions on the flow of cases, but the generated backlog added further pressures on the Court's work. Cases not heard in 1998 were transferred for adjudication in 1999, and the ones not heard in 1999 were deferred until 2000. In 2000 the Court's filings dropped to 129,000.

Recognizing the volatility in the number of case filings, the Court sought and obtained statutory authorization for Municipal Court Commissioners to

Figure 1



augment its judicial resources. In May 1998, the Common Council authorized the release of funds for five part-time Municipal Court Commissioners (equivalent to one full-time position) to hear traffic pre-trials and cases of defendants in the custody of the Milwaukee County Sheriff. Funds were provided to allow the Commissioners to hear cases at the Municipal Intake Courtroom at Milwaukee County's Criminal Justice Facility.

OBJECTIVE 1

Provide fair, reliable, and efficient adjudication of cases as measured by maintaining a level of at least 85% of non-priority cases filed and tried within 60 days of intake.

OUTCOME HISTORY

By mid-1999, the time lag between offense date and arraignment date met the target of 60 days or less. Pre-trials and trials also met the strategic target of 60 days or less. The Court adjudicated over 129,000 cases in 2000 and expects to hear between 140,000 - 180,000 cases in both 2001 and 2002. About 10% of all cases advance from intake to pre-trial and to trial. In 2002, the Municipal Court will dedicate approximately \$2.7 million to this objective.

In early 2001 the Court responded to dropping caseloads by decreasing the number of court sessions heard by the Commissioners. All pre-trials were moved from the Commissioners to the Judges. In response to quality of life policing by the Milwaukee Police Department, the number of court sessions heard by Commissioners will be increased to the equivalent of one full-time Judge in the last quarter of 2001 and continue into 2002. This will allow some pre-trials to be shifted back to the Commissioners and total court time will increase. Additional steps to manage the anticipated caseload increases will be implemented as needed.

ACTIVITIES

- Court Commissioner Program at the Milwaukee County Criminal Justice Facility (CJF)
- Centralized data entry activities

PROGRAM CHANGES

Municipal Court Commissioner Program: The 2002 budget includes \$75,446 in salaries to continue Court Commissioner services. The Court Commissioners hear cases against people who have been arrested on warrants or summarily arrested. In addition, the Court Commissioners will be hearing a higher number of pre-trials in 2002. During 2000, Court Commissioners saw 16,716 defendants with 26,820 cases. Without the assistance of Court Commissioners, these pre-trials and in-custody cases would be heard by

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Percentage of non-priority cases filed and tried within 60 days of intake.	85.0%	85.0%	85.0%
Funding by Source:			
Operating Funds	\$1,831,864	\$1,632,387	\$2,023,316
Special Purpose Accts.	32,679	393,652	284,073
Capital Budget	0	0	366,780
Total:	\$1,864,543	\$2,026,039	\$2,674,169

Municipal Judges, causing serious delays in adjudication.

Court scheduling has also improved with the addition of Court Commissioners. Compared to prior lag time of 120 days or more, the Court is now well within 60 days between intake, pre-trial, and trial.

Court Commissioners will continue to hear cases in the Municipal Intake Courtroom at the Milwaukee County Criminal Justice Facility (CJF) since there is no space on the Court's premises for a court commissioner hearing room. Courier services bring case files to the CJF on a daily basis. With cooperation from the Milwaukee County Sheriff's Department regarding security, Court staff will transport case files for the day's completed transactions through secured pathways from CJF to the Police Administration Building (PAB).

MCMIS Update: In the first half of 2001 the Court and the Department of Administration Information Technology and Management Division co-managed a detailed analysis of the Court's existing case management software (MCMIS). Imerge Consulting hired for the project, recommended the replacement of the current MCMIS with software built in a more commonly used programming language and a newer database design.

The consultants recommended a number of possible sources for replacement case management software. One of which is the Circuit Court Automation Project which was built by the Office of the Director of State Courts for Wisconsin. Up to this time use of this software has been limited statutorily to the state's

circuit courts. The department will continue to analyze this and other commercial off-the-shelf systems, with a recommendation and implementation ex-

pected in 2002. The 2002 capital budget includes funding totaling \$1.75 million for this purpose.

OBJECTIVE 2

Ensure public accessibility to the Court as measured by maintaining the number of defendants using the automated voice response system at 75,000 in 2002.

OUTCOME HISTORY

In an effort to strengthen the Court's role as a service provider, the Court will dedicate \$364,404 of its 2002 operating budget to continue to use effectively its computer and other systems to make the Court more accessible to the public. The Court frequently analyzes data to determine optimal court hours, schedules, and locations to ensure public accessibility. The Court has also implemented an automated voice response system to provide pre-recorded information for the most commonly asked questions.

In 2000, the Court received 78,132 calls to its voice response system. A majority of the callers proceeded further into the information menu without being transferred to staff. While relying on the response system for most calls, the Court is also developing other ways to transact business with defendants that would further reduce the need to make multiple contacts. The Court's website has been changed to include individual case data and to accommodate more information on court policies and procedures. It now allows defendants to download forms that they can mail or fax to the Court.

Special services, such as language interpretation for non-English speaking defendants through in-house

Outcome Indicators and Funding			
	2000 Experience	2001 Budget	2002 Projection
Number of calls for information from automated voice response system.	78,132	50,000	75,000
Funding by Source:			
Operating Funds	\$273,840	\$475,788	\$364,404
Capital Budget	5,050	0	366,780
Total:	\$278,890	\$475,788	\$731,184

staff and through purchased interpretation services, will remain in place during 2002.

ACTIVITIES

- Staff assistance to defendants with disabilities
- Telephone and in-person language interpreters
- Automated voice response system
- Internet-based cases information system

PROGRAM CHANGES

Credit Card Payments: Since August, 1999 the Court has been distributing credit card payment forms to defendants as they come out of the courtrooms. In 2002, these efforts are expected to further increase the number of transactions completed by fax or mail and to reduce the number of calls into the Court's automated voice response system to no more than 75,000.

OBJECTIVE 3

Provide effective enforcement of court judgments as measured by keeping the ratio of warrants and commitments to cases adjudicated under 30% in 2002.

OUTCOME HISTORY

The Court has allocated \$860,399 to this objective in 2002. Through cooperative agreements between the Court and the Police Department, Police Officers

check for outstanding city writs on defendants brought in by other jurisdictions at the Criminal Justice Facility. These defendants are then brought before the Municipal Intake Court to be heard by Municipal Court Commissioners.

The Court seeks to keep the ratio of warrants to citations issued at no more than 30% in 2002 as its own measure of effectiveness of court orders (see Figure 2). Keeping this ratio low requires making indigence determination as soon as possible. This will reduce reissuance of warrants and allow for immediate commitment of those who have the ability to pay but fail to pay their fine. Court studies of defendant compliance behavior have shown that timely and decisive court actions are key factors. The ratio of writs to adjudicated cases has dropped from a high of 33% during the first quarter of 1998 to 29% at the end of 2000. In 2000, Wisconsin Correctional Services (WCS) screened 3,058 defendants which resulted in program compliance through 33,275 hours of community service and \$75,972 in fines paid to the court. The work of WCS eliminated the need for these defendants to serve 14,727 jail days and allowed the city to avoid over \$260,000 in incarceration costs.

The 2002 capital budget includes \$83,900 in funding for expanding WCS's office space in the PAB. This will allow WCS to operate more effectively and ensure confidentiality of defendants.

ACTIVITIES

- Collection agency services and judgment due notices
- Coordination of policies with law enforcement officials
- Communication with public and private agencies for enforcement of judgments
- Wisconsin Correctional Services referrals

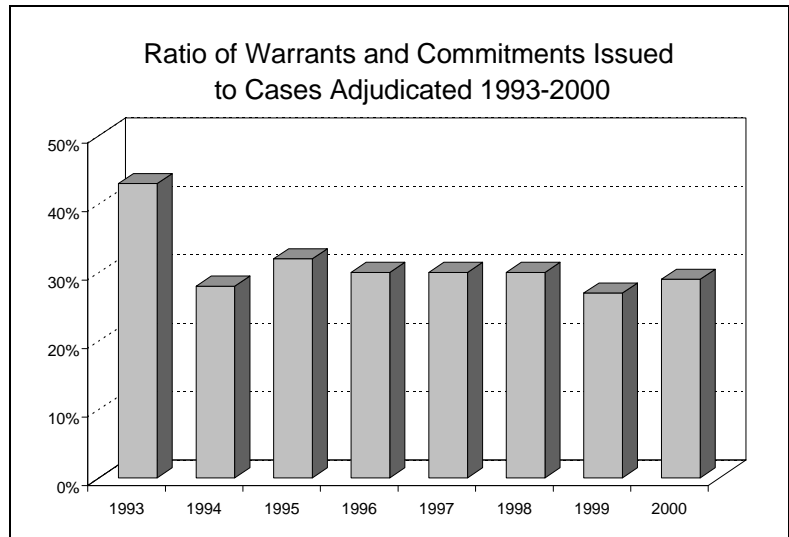
PROGRAM CHANGES

Electronic Transmission of Data to the Department of Transportation: A collaborative project with the Wisconsin Department of Transportation (WISDOT), completed in July, 1999, enabled the Court to transmit electronically judgments and orders instead of

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Ratio of warrants and commitments issued to cases adjudicated.	38.0%	30.0%	30.0%
Funding by Source:			
Operating Funds	\$691,547	\$588,555	\$441,136
Special Purpose Accts.	12,754	0	52,483
Capital Budget	0	0	366,780
Total:	\$704,301	\$588,555	\$860,399

Figure 2



mailing computer printouts. About 1,000 transactions are transmitted daily. This augments electronic transmission of citation data that was accomplished in early 1998. The Court's intent in this collaboration with DOT is to facilitate timely recording of court judgments on driving records. Delays in DOT's recording of court actions mean delays in the Court's ability to enforce its judgments through license suspensions and denial of vehicle registrations.

Collections: To ensure that property liens ordered primarily on building and zoning violation cases are recorded in circuit court in a timely manner, the Court began docketing judgments prior to sending them to the city's collection agency. Previously, the Court waited for the collection agency to complete its efforts. The filing of civil suits on these docketed cases is the responsibility of the City Attorney.

OBJECTIVE 4

Provide accountability for public resources as measured by posting 100% of collections within 24-hours of receipt in 2002.

OUTCOME HISTORY

The Court has a track record of successfully posting all of its collections within 24-hours of their receipt. In 1998, due to further computerization, the Court was able to reallocate 1.5 FTE from activities relating to driving records to perform needed courtroom proceedings, case preparation and records management functions. In 1999, the Court eliminated the use of pre-printed forms for producing court notices, and implemented total electronic printing via laser. This change enabled the Court to transmit information to a mailing house and realize savings by reducing postage and mailing supplies costs. In 2002, the Municipal Court will dedicate \$884,165 to this objective.

ACTIVITIES

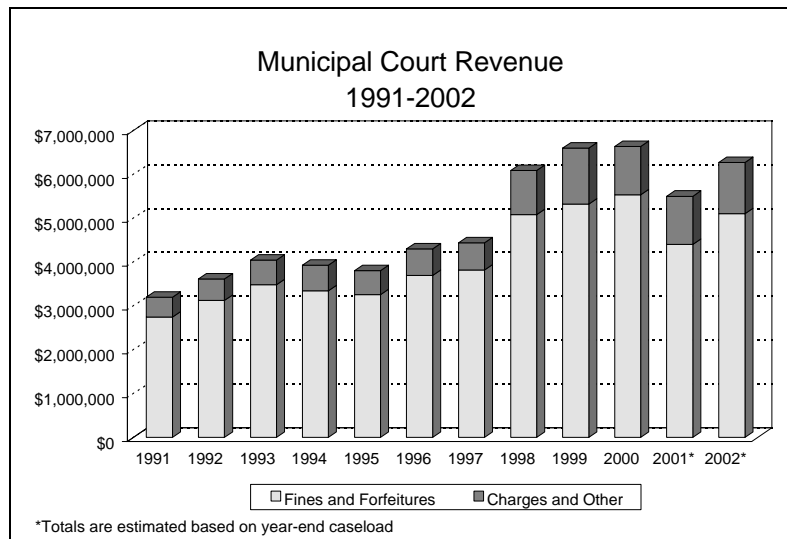
- Accounting controls
- Public information
- Internet posting of court statistics and reports
- Cost effective policy and procedures changes

PROGRAM CHANGES

Revenue Generating Activities: Over the last five years, the Court has experienced a general upsurge in revenues (see Figure 3). Municipal Court revenue rose by 37% in 1998 and by another 8% in 1999. These revenues help offset the city's cost of various regulatory enforcement functions, such as policing

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Percentage of collections posted within 24-hours of receipt.	100.0%	100.0%	100.0%
Funding by Source:			
Operating Funds	\$392,934	\$353,759	\$462,375
Special Purpose Accts.	7,247	0	55,010
Capital Budget	0	0	366,780
Total:	\$400,181	\$353,759	\$884,165

Figure 3

and inspection services. In 2002, the Court expects revenues to increase at the same rate as the new caseload. These revenue increases have resulted from an increase in court judgments related to higher case-filing levels over the past five years. They can also be attributed to the Court's efforts at becoming more effective in collecting payments.

OBJECTIVE 5

Enhance the effectiveness of educational alternative programs for indigent and first-time offenders by keeping the number of first-time offenders who understand the consequences of their offense at 95% in 2002.

OUTCOME HISTORY

The Court refers first-time juvenile offenders and shoplifters who appear for arraignment to classes conducted by the Institute for Criminal Justice at the

University of Wisconsin-Milwaukee. Whenever appropriate, traffic offenders who appear at pre-trial are referred to the Driver Safety Program at the Milwaukee Area Technical College. Additionally, the Court began referring defendants whose licenses have been suspended or revoked to the Court Alternative to Revocation and Suspension Program (CARS) where volunteer attorneys assist defendants on how to get re-licensed.

Of those class attendees who completed course evaluations, over 95% indicate that they believe the classes helped them better understand the consequences of their offense.

Beginning December, 1999 the Court requires the mandatory appearance of juveniles in non-traffic cases. A warrant of arrest is issued on those who fail to appear. Juveniles who appear are given the opportunity to do community service instead of paying a fine to reduce the likelihood of payment default. Community service referrals are made to Youth Services of the Social Development Commission, Career Youth Development, and the Graffiti Abatement Program of the Milwaukee Christian Center.

The Court will continue in 2002 to use and monitor the usefulness of these programs and will dedicate \$527,477 to exploring other effective ways of reducing recidivism.

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Percent of first-time offenders better understanding the consequences of offense.	95.0%	95.0%	95.0%
Funding by Source:			
Operating Funds	\$123,054	\$149,826	\$143,611
Special Purpose Accts.	2,269	15,000	17,086
Capital Budget	0	0	366,780
Total:	\$125,323	\$164,826	\$527,477

ACTIVITIES

- Traffic Safety School
- Domestic Violence Early Intervention Program
- Court Alternative to Revocation and Suspension Program (CARS)
- Justice Alternative Court Program
- Supervise graffiti and other community clean-up programs

PROGRAM CHANGES

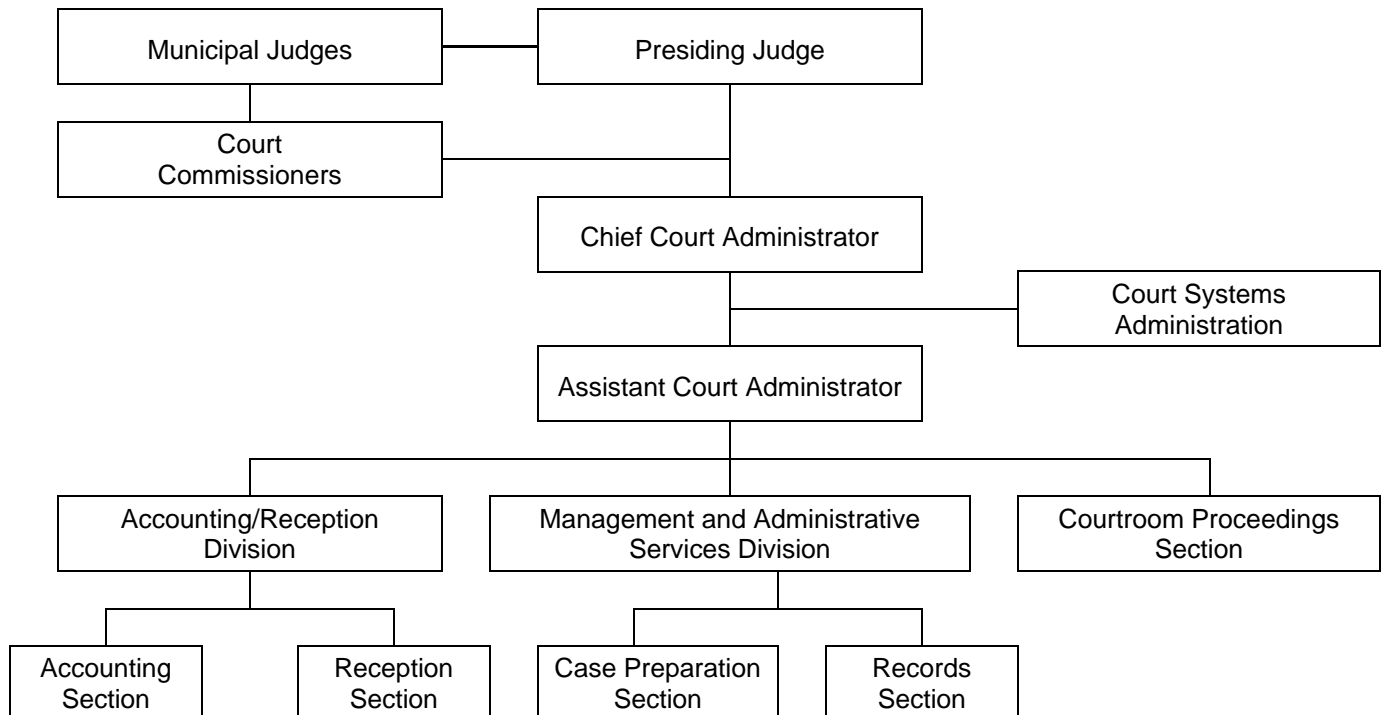
Reducing Recidivism: Programs such as the Graffiti Removal Programs, funded by Community Development Block Grants, require restitution from non-indigent adult defendants through graffiti clean-up services. Similarly, the Driver Safety Program allows drivers who pay their fines to reduce driver's license penalty points while learning safe driving skills.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	44.00	43.12	44.00	0.88
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	55	55	55	0
DLH - Operations and Maintenance	68,670	74,529	79,200	4,671
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$1,785,012	\$1,728,242	\$1,893,683	\$165,441
Fringe Benefits	534,000	570,320	643,854	73,534
Operating Expenditures	932,041	824,985	817,130	-7,855
Equipment	2,186	13,068	15,175	2,107
Special Funds	<u>60,000</u>	<u>63,700</u>	<u>65,000</u>	<u>1,300</u>
TOTAL	\$3,313,239	\$3,200,315	\$3,434,842	\$234,527
REVENUES				
Charges for Services	\$1,207,982	\$1,312,300	\$1,156,400	\$-155,900
Forfeitures	<u>4,953,082</u>	<u>5,510,000</u>	<u>4,420,000</u>	<u>-1,090,000</u>
TOTAL	\$6,161,064	\$6,822,300	\$5,576,400	\$-1,245,900

CAPITAL PROJECTS - Includes \$1,833,900 for the following projects:

- a. Municipal Court Production System Redevelopment Project - \$1,750,000
- b. Wisconsin Correctional Services Offices - \$83,900

ORGANIZATION CHART

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Network Specialist I (Operating Funding \$-42,135)] Reclassification.
1	1.00	Network Analyst Senior (Operating Funding \$51,498)	
0	0.88	Various Positions (Operating Funding \$0)	Miscellaneous adjustment.
0	0.88	TOTAL	

PUBLIC DEBT COMMISSION

EXECUTIVE SUMMARY

MISSION:	To superintend the issuance and sale of city general obligation, revenue anticipation, and revenue debt; to oversee the levying, collection, and disbursement of debt related taxes and revenues; and to effect all required post-issuance debt management. Commission staff also provides accounting services for the Public Debt Amortization Fund (PDAF) and the commission manages the PDAF as well as determines its level of usage to prepay debt.
STRATEGIC ISSUES:	<p>Efficiently manage the debt issuance process to maximize both competitive bidding activity as well as minority and/or disadvantaged business participation.</p> <p>Issue debt in adequate amounts and within acceptable time horizons so as to limit both potential arbitrage rebate costs as well as interim utilization of general city moneys for financing purposes.</p> <p>Efficiently manage the PDAF to maximize fund returns consistent with statutory and liquidity requirements.</p> <p>Evaluate the city's existing debt issues to identify and quantify potential opportunities for re-funding, restructuring, defeasance, or similar cost-saving initiatives.</p>
INITIATIVES FOR 2002:	<p>Continue to develop policies, in conjunction with the city Budget Office, that utilize alternatively structured debt (i.e., revenue bonds), particularly in the instances of water and sewer maintenance, in order to reduce the city's reliance on general obligation debt.</p> <p>Maintain the Internet-based bid submission process, which supplements the more traditional sealed bid submission process.</p>

BACKGROUND

The Milwaukee City Charter (Chapter 15) established a "Public Debt Commission" to superintend the issuance of city debt. Such superintendence extends to determining the timing, structuring, call provisions, and similar aspects of both city general obligation and revenue anticipation borrowings. The commission is also charged with oversight of the Public Debt Amortization Fund, a fund created by Wisconsin State Statute for the purpose of debt retirement. Such

oversight consists of both investment and use responsibilities for the fund.

The commission is comprised of three city residents individually appointed by the Mayor and confirmed by the Common Council. The City Comptroller serves as the ex-officio secretary to the commission and the City Treasurer serves as the ex-officio treasurer to the commission.

OBJECTIVE 1

Maintain the city's general obligation bond ratings in 2002 through effective issuance, management, and reporting of city debt in compliance with

applicable laws and regulations, and management and reporting of the investment and performance of the Public Debt Amortization Fund.

OUTCOME HISTORY

Retaining the city's high "investment grade" bond ratings continues to be of prime importance and serves to keep borrowing interest costs lower. This lower cost of any required borrowing, both for capital and cash flow purposes, produces direct benefits to the taxpayer. High investment grade ratings of AA+ from Fitch; Aa2 from Moody's and AA from Standard & Poor's are currently in place. The latter (Standard & Poor's) rating does represent a 2001 downgrade from a previous rating of AA+.

These high investment grade ratings, according to the rating agencies, result from a combination of strong financial management, stable revenues, and predictable budgets. The agencies note that while city debt levels are considered above average, the debt is being amortized in an exceptionally rapid fashion and the city's "Infrastructure Cash Conversion Policy" also assists in keeping overall debt burden affordable. Overall, these rating strengths offset the city's perceived weaknesses of moderate economic growth and lagging income levels when compared to state and national averages.

Further, the city has adopted a modest \$7.0 million Public Debt Amortization Fund withdrawal to prepay capital debt expenditures. This is a \$4.0 million decrease from the \$11 million withdrawal in 2001. The withdrawal will be completely regenerated from investment earnings in 2002 and the fund is anticipated to grow slightly. This purchase and cancellation financing strategy minimizes the cash property tax levied on property owners without increasing the overall debt load and allows full utilization of investment earnings.

The city's tax stabilization reserve totaled \$25.1 million at year-end 2000. The 2001 withdrawal of \$5.5 million was \$5.7 million lower than the \$11.2 million withdrawal for budget year 2000. The 2002 budget will increase the Tax Stabilization Fund balance to approximately \$26 million at December 31, 2002.

In 2002, the Public Debt Commission will dedicate \$597,208 towards maintaining the city's bond rating.

Monitoring Financial Performance: The department will continue to improve its financial related indicators

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Maintain city's bond rating:			
Standard & Poor's	AA+	AA+	AA
Fitch	AA+	AA+	AA+
Moody's	Aa2	Aa2	Aa2
Funding by Source:			
Operating Funds	\$499,412	\$567,012	\$597,208
Total:	\$499,412	\$567,012	\$597,208

tors as needed. Internal management indicators for the department are used to monitor debt reserve earnings, debt interest costs, and total annual debt. Current indicators focus on the level of bond sales and cost, earnings of the debt reserve funding compared to the *Shearson Lehman* index, minority participation, and the true interest costs rate of bond sales in comparison to *The Bond Buyer 20* index.

ACTIVITIES

In order to maintain and improve bond ratings, the Public Debt Commission performs the following activities:

- New debt issuance
- Management of city debt
- PDAF management

PROGRAM CHANGES

Alternative Debt Structure: Currently, most of the city's debt is general obligation debt, regardless of whether or not the project will generate any revenues. The 2000 budget provided borrowing authority in the form of general obligation or revenue bonds for projects with revenue sources. Sewer maintenance revenue bonds were issued in December, 2001. The city intends to continue using revenue bonds for sewer maintenance. The structure for utilizing revenue bonds for Water and Parking Fund related debt will be implemented in 2002.

The use of revenue bonds will remove taxpayer liability for debt payment if the revenues are not available to retire the debt. It is expected that projects funded with revenue bonds should have a

sufficient revenue stream to cover debt service or the city should avoid investment in the project.

Internet Bidding: In 1999, the city implemented a new Internet-based submission process. Internet

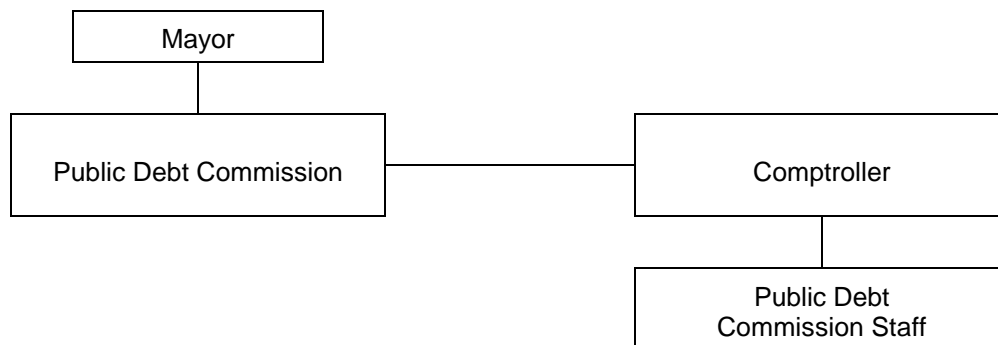
bidding was initiated with the June, 1999 sale and has been used for all subsequent debt offerings. These Internet sales were made with the assistance of either Bloomberg Financial Service or MuniAuction and will continue in 2002.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	2.00	2.00	2.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	5	5	5	0
DLH - Operations and Maintenance	3,512	3,512	3,464	-48
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$101,579	\$96,603	\$109,592	\$12,989
Fringe Benefits	33,521	31,879	37,261	5,382
Operating Expenditures	364,312	438,530	450,355	11,825
Equipment	0	0	0	0
Special Funds	0	0	0	0
TOTAL	\$499,412	\$567,012	\$597,208	\$30,196
REVENUES				
Charges for Services	\$188,000	\$245,000	\$210,000	\$-35,000
TOTAL	\$188,000	\$245,000	\$210,000	\$-35,000

CAPITAL PROJECTS - None

ORGANIZATION CHART



DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES - None

ELECTION COMMISSION

EXECUTIVE SUMMARY

MISSION:	To conduct elections that build public trust in the democratic process.
STRATEGIC ISSUES:	Enhance delivery of election related services. Increase customer satisfaction with the election process.
INITIATIVES FOR 2002:	Conduct four citywide elections in 2002 which include judicial, state, and school board races. Continue to work with community groups and organizations to encourage voter registration and participation. Administer the redistricting of City of Milwaukee wards and aldermanic districts in compliance with 2000 census data.

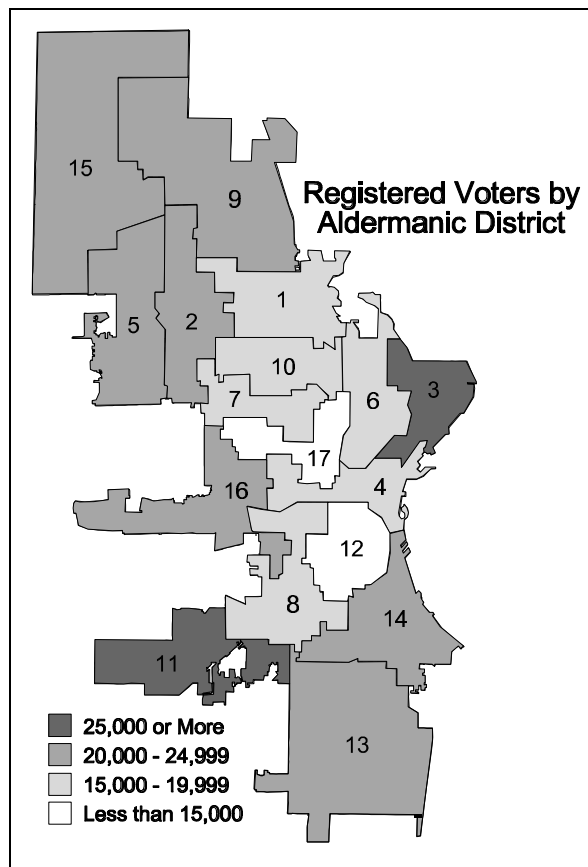
BACKGROUND

The Election Commission staff manages all aspects of public elections in the City of Milwaukee. In addition to registering the 455,948 potential voters (based on the 2000 census) in the City of Milwaukee, the commission has responsibility for establishing 190 polling locations with appropriate workers, supplies, and ballots on election days (see Figure 1). The commission administers the statutory obligations for elected officials and potential candidates for citywide offices. Two elections are usually held during odd-numbered years and four generally occur in even-numbered years.

The Election Commission staff is comprised of three board members, one Executive Director, an Election Services Manager, and five full-time staff members whose responsibilities cover the administration of absentee voting, voter registration, voting machine maintenance, election day poll-worker designation, and general office management. During the election season, approximately 1,265 - 1,600 additional temporary poll-workers are hired to staff the polling locations and register voters on-site at the polls on election days and to assist in various duties including responding to calls from voters and mailing absentee ballots.

Election Commissioners are appointed by the Mayor and confirmed by the Common Council. The three

Figure 1



Election Commissioners represent the two dominant political parties. Two of the three members represent the victorious party of the most recent gubernatorial election.

The Election Commission purchased new voting machines and tabulating equipment in 1997. During the subsequent elections, election results were finalized within one hour after the polls closed. In addition, a web page provides election results via the Internet.

OBJECTIVE 1

Increase customer satisfaction with the election process as measured by polling location surveys.

OUTCOME HISTORY

The Election Commission's concern for voter satisfaction with the election process has consistently been at the forefront of its strategic issues and initiatives. In an ongoing effort to address the city's strategic goal of ensuring that residents obtain high value from city services, the Election Commission Office became one of the first in the state to create an Internet web site that allows residents to find their polling location simply by entering their street address. The commission's web site allows constituents to determine what aldermanic district and ward they are located in, as well as providing a list of elected municipal, county, state, and federal officials based on their address.

The web site helps to make Election Commission Office activities more efficient by reducing the number of information requests by telephone to the commission.

Through voluntary surveys conducted at all polling locations, voters are given the opportunity to indicate their level of satisfaction with the voting experience. As Figure 2 shows, customer satisfaction with the voting experience in 2000 increased by 4% from 1999. In 2002, \$1,205,734 is allocated to improving customer satisfaction.

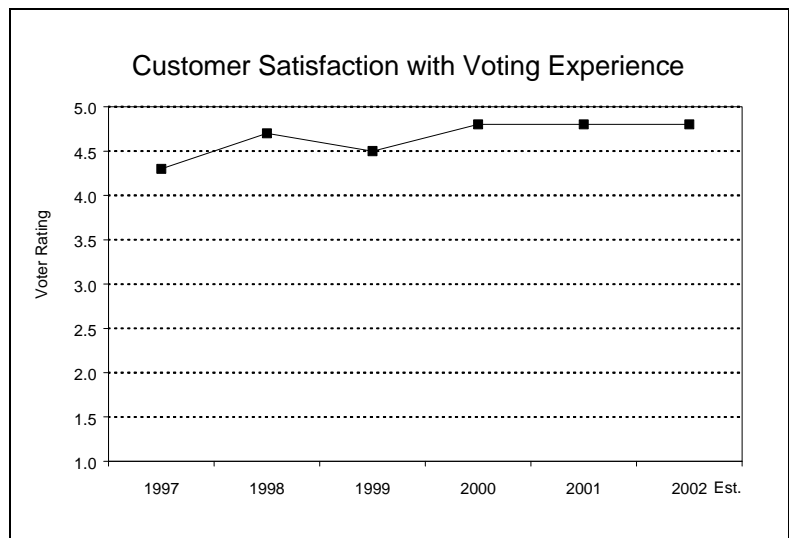
ACTIVITIES

- Provide public information
- Maintain accurate records
- Improve effectiveness of office management and procedures

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Customer satisfaction with voting experience (5 point scale; 5.0 being the highest rating).	4.80	4.80	4.80
Funding by Source:			
Operating Funds	\$1,111,705	\$713,230	\$1,205,734
Total:	\$1,111,705	\$713,230	\$1,205,734

Figure 2



- Provide staff training and development
- Implement Total Quality Improvement (TQI)

PROGRAM CHANGES

Payment of Election Poll-Workers: The Election Commission hires part-time poll-workers to operate the city's 190 polling locations on election day. The number of poll-workers hired each year varies from 1,265 to 1,600 depending upon whether it is an odd or an even election year. Poll-workers are hired and paid for two hours of training prior to each election day and 13.5 hours of work on each election day.

In prior years, poll-workers were placed on the City of Milwaukee payroll during elections, and paid out of Election Commission's salary account. However, following each election, all poll-workers were required to be removed from the city payroll system. Adding and removing the poll-workers from the city's payroll system was a time consuming process. In order to streamline the administration of hiring poll-workers, the Election Commission will maintain its poll-workers in the city's vendor list. Because vendors are allowed to remain in the list following

the use of their services, the Election Commission will need only to remove those poll-workers from the list that indicate they will not be returning to work on future elections.

In 2002, Election Commission will fund the payment of 1,598 poll-workers in its operating account. This funding, totaling \$495,599 will no longer be paid out of Election Commission salaries but will be paid as operating services.

OBJECTIVE 2

Enhance service delivery to better serve customers as measured by the percentage of polling places experiencing voting machine problems on election day.

OUTCOME HISTORY

With the purchase of new voting machines in 1997, the percentage of voting machine-related problems during subsequent elections was reduced by one-half (see Figure 3). The commission anticipates this trend to continue through the fruition of increased experience and full implementation of the system.

In 1999, the Election Commission purchased new equipment to implement transmission of election results via modem from four locations other than City Hall. This process allows poll-workers to drop off digital cassettes of election results to a location closer than City Hall. As a result, election results are available within 45-minutes after the polls close. Electronic processing of election results continues to provide opportunities for increasing customer satisfaction with the voting process. The 2002 budget includes \$358,005 in operating funding to enhance service delivery.

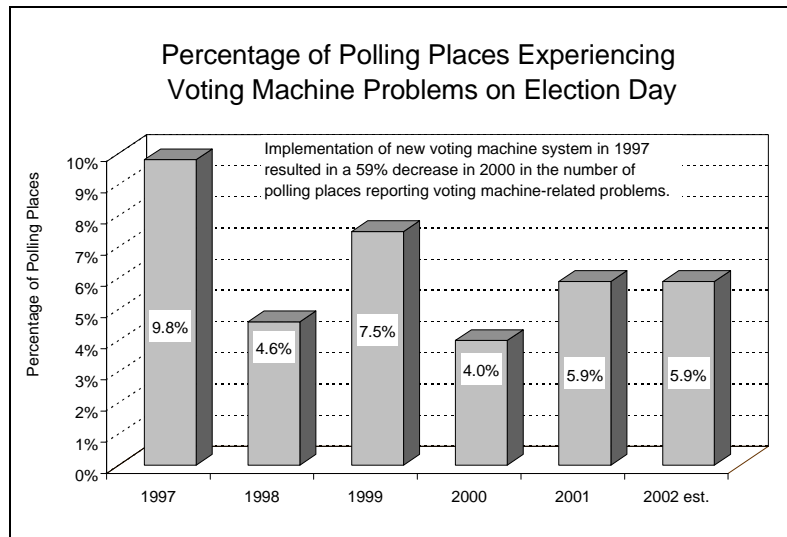
ACTIVITIES

- Conduct elections
- Supervise registration
- Analyze voting equipment and polling locations
- Enhance election technology
- Comply with statutory election requirements

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Percentage of polling places reporting voting machine problems on election day.	4.0%	5.9%	5.9%
Funding by Source:			
Operating Funds	\$330,086	\$211,669	\$358,005
Total:	\$330,086	\$211,669	\$358,005

Figure 3



PROGRAM CHANGES

Redistricting: In 2002, due to the release of population data from the 2000 census, the Election Commission will be responsible for designating polling locations for the redrawn election wards and aldermanic districts approved by the Common Council. To reflect the approved changes, the Election Commission

will update its voter registry, generate district ward maps, and conduct notification mailing to all current electors in the City of Milwaukee. The 2002 budget

includes \$161,500 for activities associated with re-districting.

OBJECTIVE 3

Encourage greater voter participation as measured by increasing voter registration.

OUTCOME HISTORY

Voter Registration and Participation: Wisconsin has a long tradition of easy, open access to voting for all of its citizens placing few obstacles between its citizens and their polling places. Wisconsin is one of only five states allowing same-day registration. The Election Commission strives to encourage voter participation in two ways: by registering a greater percentage of city residents who are eligible to vote, and by increasing the participation of registered voters on election day (see Figure 4). The Election Commission uses a variety of methods to achieve these goals.

Through its work with churches, colleges and universities, and community-based organizations, the commission creates additional registration opportunities for city residents. School-based initiatives attempt to register students when they become 18 years old. These efforts have garnered some success as voter registration has increased steadily over the years.

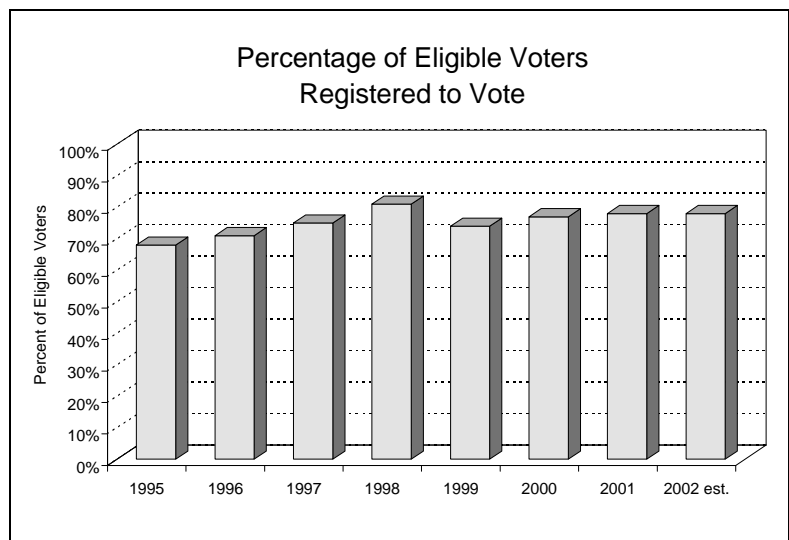
However, registering eligible voters does not guarantee they will vote. Presidential and other high-profile elections can frequently generate voter turnout of 50% or higher. In the 2002 budget, \$124,964 is allocated to encourage voter participation. This funding supports advertising that promotes voter participation and encourages those who are eligible to use absentee ballots.

Program Result Measures: For this objective, the Election Commission measures the number of eligible

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Percentage of eligible persons who are registered to vote.	77.0%	77.0%	78.0%
Funding by Source:			
Operating Funds	\$115,219	\$74,586	\$124,964
Total:	\$115,219	\$74,586	\$124,964

Figure 4



residents registered to vote and the number of residents who register to vote for the first time on election day.

ACTIVITIES

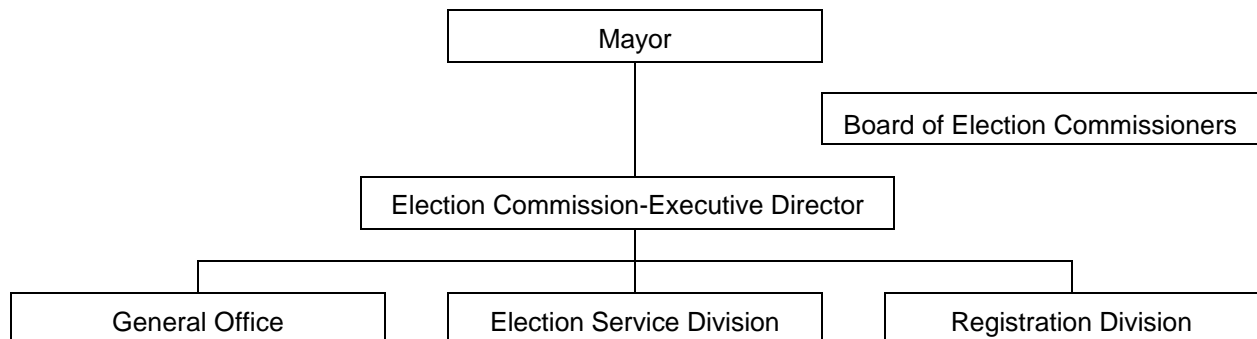
- Create voting opportunities
- Increase voter registration
- Increase deputy registration activities

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	53.32	30.53	17.73	-12.80
FTEs - Other	1.00	0.00	0.00	0.00
Total Positions Authorized	1,717	1,345	110	-1,235
DLH - Operations and Maintenance*	34,937	27,714	31,914	4,200
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$994,168	\$639,185	\$524,457	\$-114,728
Fringe Benefits	171,475	86,282	97,342	11,060
Operating Expenditures	381,255	260,630	1,054,779	794,149
Equipment	10,112	13,388	12,125	-1,263
Special Funds	0	0	0	0
TOTAL	\$1,557,010	\$999,485	\$1,688,703	\$689,218
REVENUES				
Charges for Services	\$28,300	\$17,600	\$17,600	\$0
TOTAL	\$28,300	\$17,600	\$17,600	\$0

CAPITAL PROJECTS - None

*DLH totals for 2000 and 2001 do not include Commissioners, Inspectors, and Registrars.

ORGANIZATION CHART**DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES**

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
30	3.30	Temporary Office Assistant II (0.11 FTE) (Operating Funding \$74,331)	Changes due to bi-ennial election cycle (four citywide elections in 2002).
-1,265	-16.45	Election Inspector (0.013 FTE) (Operating Funding \$-218,495)	
0	0.35	Reduced Vacancy Adjustment	
-1,235	-12.80	TOTAL	

DEPARTMENT OF EMPLOYEE RELATIONS

EXECUTIVE SUMMARY

- MISSION:** To assist city agencies and Milwaukee Public School system in carrying out their respective missions by providing and helping to maintain a productive, diverse workforce that is well-trained, empowered, motivated, adequately compensated, high in morale, and fully attuned to efficient and effective customer service delivery.
- STRATEGIC ISSUES:** Facilitate change in the city's culture and leadership to one that values customer focus, personal development, continuous improvement, diversity, and open and honest communication.
- Align services with customer needs.
- Define roles and relationships of labor and management, and employees and management.
- Assist city departments in meeting their long-term human resource needs.
- Attract and retain the best employees.
- INITIATIVES FOR 2002:** Continue to improve labor/management relations.
- Expand use of the Internet and Department of Employee Relations web site to improve information for applicants and other external customers.
- Provide access to human resource policies and procedures for employees and city agencies, and develop the capability to process transactions through the city Intranet.
- Improve workforce planning and workforce development within city departments.
- Increase efficiency in the review of interdepartmental service requests.
- Decrease the processing time for worker's compensation claims.

BACKGROUND

The Department of Employee Relations (DER) provides services to city agencies and the Milwaukee Public Schools (MPS), including employee selection, compensation, job classification, equal employment opportunity, employee benefits, worker compensation, safety training and development, and labor contract negotiation and administration. These services are provided in compliance with a variety of legal mandates and procedures. DER focuses on recruiting and retaining a well-trained, diverse workforce and leading efforts to effect citywide organizational change through course offerings in diversity training and total quality management.

DER established a presence on the Internet in 2001, with a web page designed to provide citizens with knowledge of current city employment opportunities and the ability to download applications for employment. Currently, the department is developing the ability to receive employment applications and the associated "training and experience" questionnaires on line. The department has also utilized the Milwaukee Intranet System (MINT) to make information relevant to city departments and employees easily accessible, including job openings, schedules, employment policies, forms, and the city's Visual Organizational Inventory (VOI). DER will work with

the Department of Administration's Information Technology and Management Division to enhance

the on-line information available to all of its customers.

OBJECTIVE 1

Find, hire, and retain the best employees possible by focusing on recruitment, hiring, diversity and employee development achieved by appointing at least 35% minorities to vacant positions and by training at least 2000 employees in 2002.

OUTCOME HISTORY

In 2002, \$1,655,465 in operating funds, \$457,922 in reimbursable funds and \$74,500 in special purpose accounts will be used to support this objective. To accomplish this objective, the department will focus on aggressive recruitment, employee training, and providing information to employees regarding opportunities for growth and development within the city. These activities will help maintain a high quality workforce.

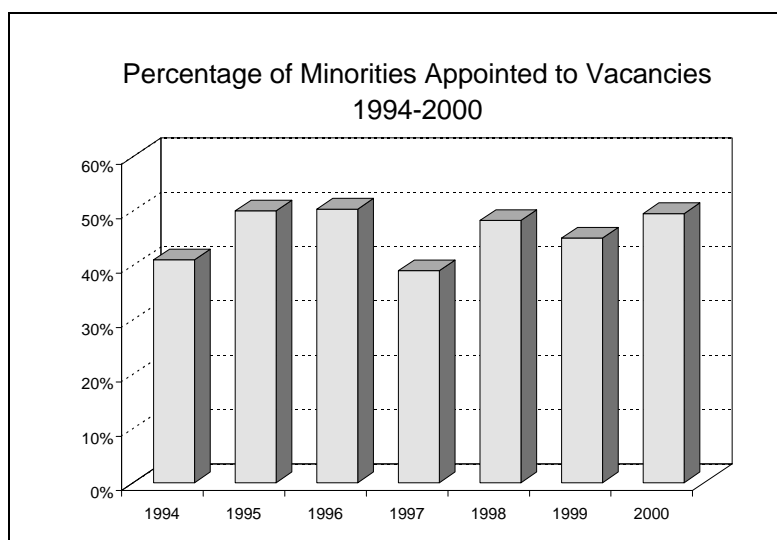
DER will continue to evaluate and improve all phases of the selection and hiring process, including recruitment, testing, and customer communication, to meet the goals of this objective. DER will also continue to recruit higher levels of minorities in the city's workforce. DER strives to maintain a high rate (35% or better) of minority appointments to job vacancies to better reflect our diverse community. In 2000, 45% of those appointed to vacancies were minorities. Figure 1 illustrates DER's progress in minority hiring from 1994 through 2000.

Employee skill development is also an important function of DER. The department offers city employees a variety of training courses in human resources, administrative policies and procedures, and computer skills. DER develops its curriculum through bi-annual customer surveys and through close customer contact with the DER service delivery teams. The 2000 survey results revealed that 100% of the responding departments felt the service was acceptable or better, with an average rating of 4.29 on a scale of one to five.

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Number of applications received.	6,800	9,000	9,000
Percentage of minorities appointed to vacancies.	N/A	35.0%	35.0%
Number of employees trained.	1,904	1,300	2,000
Funding by Source:			
Operating Funds	\$1,768,414	\$1,327,896	\$1,655,465
Grant and Reimbursable	237,028	542,524	457,922
Special Purpose Accts.	107,572	83,000	74,500
Total:	\$2,113,014	\$1,953,420	\$2,187,887

Figure 1



In order to ensure the city's workforce has adequate computer skills, DER offers a wide variety of computer training courses to city employees. These courses reflect the wide variety of software used by city departments. Approximately 122 computer classes are conducted each year. In 2002, DER projects that 2,000 employees will receive training through its course.

Program Result Measures: DER developed new measures to track its success in achieving its revised objectives in 2000. In addition to the current meas-

ures of the number of applications received and the number of employees trained, DER will also measure the percentage of minorities appointed to vacancies. The department will review its revised measures for other areas of improvement.

ACTIVITIES

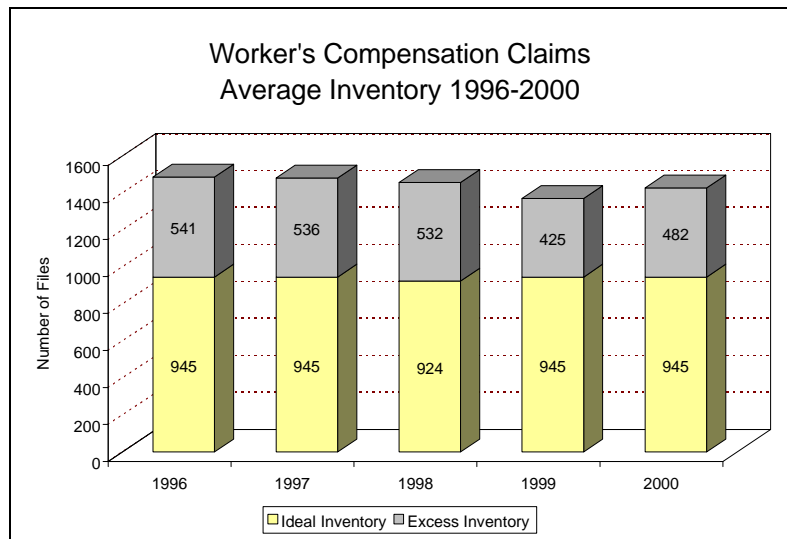
- Provide training to city employees
- Establish policies and methods to promote an understanding and value of diversity throughout the workforce
- Assist in the development of leadership at all levels to support positive change in the organizational culture
- Encourage departments to utilize total quality improvement methods
- Attract and retain the best employees
- Succession planning

PROGRAM CHANGES

Reorganization of Service Delivery Teams: Efforts to increase the efficiency reclassification and vacancy requests processes are expected to reduce the workload on service delivery teams. As a result, two vacant positions, a Human Resources Representative and a Human Resources Analyst Senior will be eliminated from this section. The Labor Negotiations staff will also be separated from the service delivery teams in 2002. The remaining staff members will form two service delivery teams providing staffing, employee benefits, equal employment, and training and development functions to the departments.

Additions to Worker's Compensation Staff: Since every employee has the right to file a claim for work-related injury, and the city is self-insured for its claims, the Worker's Compensation Section continues to process high volumes of claims. In 2002, a new Claims Adjuster Specialist position will be added to assist in processing highly complicated and litigated claims. A Claims Representative position will also be

Figure 2



added to assist with the simple to complex claims, the highest volume the section receives.

The recommended inventory for an experienced claims adjuster, with no supervisory responsibilities, is 125 claims. As illustrated in Figure 2, the average total file inventory for the section's available staff was well above this industry standard during the past five years. Recent vacancies and lengthy training periods in the section have pushed the claims processing time further behind, making it necessary for the section's management to assume claims adjusting responsibilities. The new positions would alleviate the staff's heavy workload, thereby reducing the potential for error and ensuring preservation of the city's self-insured status.

New Employee Orientation Program: A revised new employee orientation program was implemented in 2000. This program provides greater opportunity for new employees to be informed about their benefit and career options, to learn about the city as an organization, and how their department and job fits into the city's overall mission. The program is successful and will be evaluated for its effectiveness in the coming year.

OBJECTIVE 2

Maintain a competitive salary and benefits package as measured by the percent of total employees enrolling in the health and dental programs, as well as the number of requests for tuition reimbursement.

OUTCOME HISTORY

Two major components in maintaining a well-qualified workforce and attracting qualified appli-

cants for city service are the pay and benefits offered. DER relies heavily on workforce data to ensure an appropriate level of competitiveness with external employers and internal equity among employees. In 2002, DER will dedicate \$1,970,906 in operating funds and \$83,633,223 in special purpose account funding to meet this objective.

In order to ensure that the city has a well-qualified and highly competent workforce, DER seeks to hire the best candidates. Figure 3 illustrates the number of applications received compared to the number of eligible candidates from 1994 through 2000. In 2002, DER expects that the number of eligible candidates will continue its upward trend. The number of eligible candidates as a percentage of total applications received was highest in 1999, at over 57%. It dropped in 2000 to just over 48%.

ACTIVITIES

- Provide relevant data that meets the city's long-term human resource needs
- Provide a competitive pay and benefit system for city employees

PROGRAM CHANGES

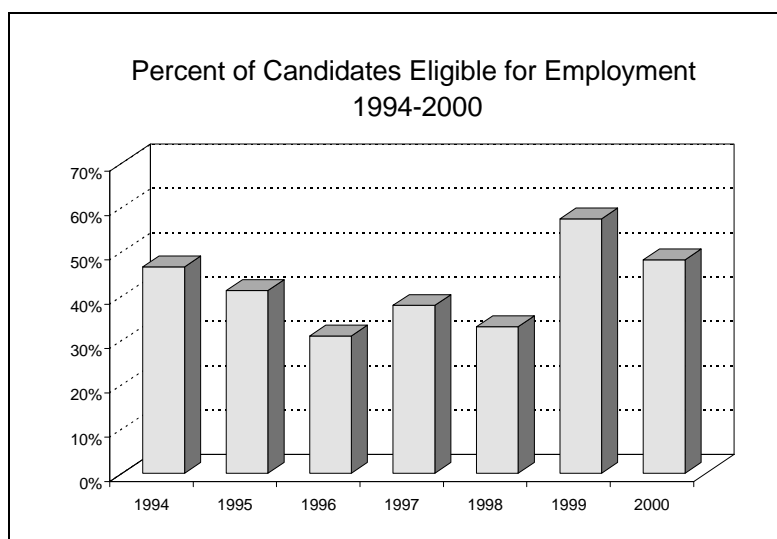
Reconfiguration of Medical Benefits Section: The Medical Benefits Section in the Employee Benefits Division administers health and dental insurance benefits for all City of Milwaukee employees. The four-employee staff historically have been responsible for the employee orientation program and employee health and dental care administration. Their responsibilities have evolved to include updating the medical benefits component of PeopleSoft and administering the federal COBRA requirements, making health insurance available to former employees for a period of time after they leave employment.

To address this issue, DER will reconfigure the responsibilities of the Medical Benefits staff. The Benefits Analyst Senior and the Program Assistant II positions are eliminated. Two new positions are created: a Medical Benefits Coordinator will perform the more technical duties of the section, while an Administrative Services Specialist will play a rede-

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Percent of total employees enrolled in health care program.	N/A	95.0%	95.0%
Percent of total employees enrolled in dental care program.	N/A	95.0%	95.0%
Number of employees requesting tuition benefit reimbursement.	1,630	1,750	1,750
Funding by Source:			
Operating Funds	\$1,668,045	\$1,553,004	\$1,970,906
Special Purpose Accts.	64,781,215	69,717,915	83,633,223
Total:	\$66,449,260	\$71,270,919	\$85,604,129

Figure 3



finer role in employee orientation and contacts with employees and health providers.

Commuter Value Pass: In 2000, DER began administering a new employee benefit called the Commuter Value Pass Program. This program allows city employees to receive discounted bus fares. For each employee enrolled in the program, the city provides a portion of the cost for the Commuter Value Pass. The remaining portion of the cost is deducted from the employee's paycheck for unlimited use of all Milwaukee County Transit System buses. The Commuter Value Pass Program has been quite successful. Initial enrollments of 284 has increased to 342. DER expects enrollments to increase further in 2002.

OBJECTIVE 3

Create an organizational climate that encourages every city employee to share the city's vision and mission and to participate in achieving the city's objectives.

OUTCOME HISTORY

DER meets this objective by utilizing the consensus bargaining process. In 2002, \$990,260 in operating funds will support this objective. The department will work toward establishing fair and mutually respectful employment relations by fully and fairly representing the interests of the city through the adoption of the "win-win" bargaining process. This philosophy establishes a non-adversarial negotiating process by looking beyond the individual needs of the negotiation process to the city's collective interests and needs. In 2000, 18 of the 19 bargaining units had contracts settled voluntarily through the collective bargaining process. In 2002, DER will negotiate successor agreements with these bargaining units.

ACTIVITIES

- Negotiate and administer bargaining unit contracts
- Encourage dispute resolution among labor, management, and employees through the development of labor-management committees
- Workplace Violence Prevention Program

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Number of contracts settled voluntarily.	18	19	19
Number of contracts settled by interest arbitration.	1	0	0
Number of active labor/management committees.	12	12	12
Funding by Source:			
Operating Funds	\$942,526	\$1,302,215	\$990,260
Special Purpose Accts.	25,959	26,000	0
Total:	\$968,485	\$1,328,215	\$990,260

PROGRAM CHANGES

Labor Negotiations Team: In 2002, the Operations Division will separate its Labor Negotiation staff from the three existing service delivery teams. The new team will consist of the Labor Negotiator, the Labor Relations Officer, a Human Resources Representative, an Administrative Assistant II and an Office Assistant III. Separating this function from the service delivery teams allows the labor negotiations staff to focus entirely on this important component of a solid organizational climate.

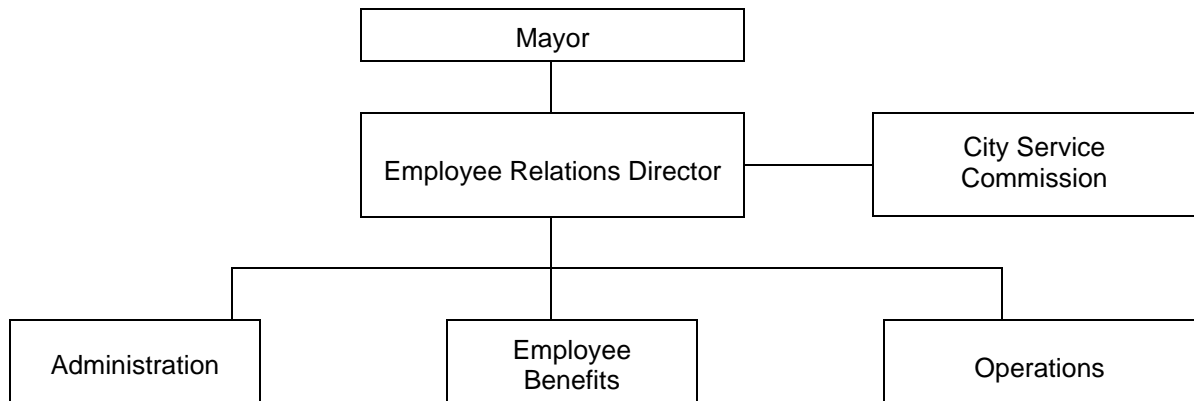
OTHER ACTIVITIES AND CHANGES

Special Purpose Accounts: The Safety Glasses and Drug Testing Special Purpose Accounts will be moved into the department's operating budget in 2002. However, the Department of Employee Relations will continue to administer \$83,707,723 in special purpose accounts in 2002, including:

Employee Health Care	\$74,250,000
Worker's Compensation	\$7,170,000
Unemployment Compensation	\$800,000
Tuition Reimbursement	\$700,000
Long Term Disability Insurance	\$552,000
Commuter Value Pass	\$80,000
Employee Training Fund	\$74,500
Flexible Spending Account	\$35,000
Intern Program	\$46,223

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	60.80	65.84	65.00	-0.84
FTEs - Other	2.37	12.00	11.00	-1.00
Total Positions Authorized	103	84	84	0
DLH - Operations and Maintenance	109,441	114,286	117,000	2,714
DLH - Other Funds	4,262	12,600	11,550	-1,050
EXPENDITURES				
Salaries and Wages	\$3,068,798	\$2,863,382	\$3,175,607	\$312,225
Fringe Benefits	932,478	944,917	1,079,707	134,790
Operating Expenditures	354,837	334,816	351,317	16,501
Equipment	22,872	25,000	10,000	-15,000
Special Funds	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>-15,000</u>
TOTAL	\$4,378,985	\$4,183,115	\$4,616,631	\$433,516
REVENUES				
Charges for Services	\$306,582	\$282,767	\$313,510	\$30,743
Miscellaneous	<u>365,554</u>	<u>631,000</u>	<u>0</u>	<u>-631,000</u>
TOTAL	\$672,136	\$913,767	\$313,510	\$-600,257
CAPITAL PROJECTS - None				

ORGANIZATION CHART

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Benefits Analyst Senior (Operating Funding \$-54,086)	Reorganization of Medical Benefits Section.
-1	-1.00	Program Assistant II (Operating Funding \$-36,232)	
1	1.00	Medical Benefits Coordinator (Operating Funding \$36,232)	
1	1.00	Administrative Services Specialist (Operating Funding \$44,676)	
-1	-1.00	Human Resources Representative (Operating Funding \$-60,310)	Reallocation of resources from the Operations Division into the Worker's Compensation Section.
-1	-1.00	Human Resources Analyst Senior (Operating Funding \$-41,566)	
1	1.00	Claims Adjuster Specialist (Operating Funding \$57,658)	
1	1.00	Claims Representative (Operating Funding \$29,995)	
0	0.00	Office Assistant II (Operating Funding \$0)	Transfer from Administrative Division to Employee Benefits Division.
0	-0.84	Experience Adjustment (Operating Funding \$0)	
0	-1.00	Experience Adjustment (Non-Operating Funding \$0)	
0	-1.84	TOTAL	

FIRE AND POLICE COMMISSION

EXECUTIVE SUMMARY

MISSION:	To ensure that the Fire and Police Departments are prepared to protect the lives and property of the citizens of the City of Milwaukee.
STRATEGIC ISSUES:	<p>Ensure a high quality, diverse public safety workforce, with a high retention rate, through effective recruitment, selection, and promotion processes.</p> <p>Ensure the quality and effectiveness of the Fire and Police Departments' policies, practices, and performances through appropriate utilization of the Board's oversight authority.</p>
INITIATIVES FOR 2002:	<p>Select candidates for five recruit classes in 2002, three classes for the Police Department, and two classes for the Fire Department.</p> <p>Continue to monitor the progress of newly hired sworn personnel to ensure a high level of retention and a low number of disciplinary actions and citizen complaints.</p> <p>Administer an entry-level Police Officer exam.</p> <p>Focus on minority recruitment of Fire Fighters and Police Officers.</p> <p>Provide increasingly prompt investigation of citizen complaints.</p> <p>Monitor the Mayor's Commission on Crime initiatives to increase community involvement in crime prevention efforts and improve the relationship between citizens and the Police Department.</p>

BACKGROUND

The Fire and Police Commission is a civilian body which oversees general policy in the Milwaukee Fire Department and the Milwaukee Police Department. The Commission is responsible for hiring and promotions for the two public safety departments. The Board of Fire and Police Commissioners, which was established in 1885, is the oldest civil service authority in Wisconsin, and the first such Commission to be established by law in the United States. The Commission's authority and responsibility are set forth in Section 62.50 Wisconsin Statutes and in the Milwaukee City Charter.

The five citizen members of the Commission are appointed by the Mayor and approved by the Common Council. Members serve overlapping five-year terms.

Commission functions include recruitment and testing for entry-level positions in the Fire and Police Departments; testing for promotional positions; hearing appeals by members of either department who have been disciplined by their Chief; hearing citizen complaints; and general policy oversight. A 12 person staff is responsible for carrying out Commission functions.

OBJECTIVE 1

Maintain or increase diversity in the sworn ranks of the Fire and Police Departments as measured by the percent of Police Officer and Fire Fighter appoint-

ments that are made to minority and women candidates.

OUTCOME HISTORY

In 2002, the Fire and Police Commission will seek to maintain Police Officer hiring levels at 33% minority and 67% majority, and 17% female and 83% male. Fire and Police Commission recruitment and selection programs have proven effective in increasing diversity in the city's public safety workforce, particularly in the Police Department.

Since 1990, minorities (Asian, Black, Native American, and Hispanic) as a percentage of the sworn Police force, have ranged from roughly 18% in 1990 to a high of 34% in 2000. The percentage of women on the Police force has also increased from approximately 8.8% in 1990 to 17% in 2000 (see Figure 1).

The Fire and Police Commission will also continue to try to meet its goal of maintaining or increasing the number of sworn minority and female personnel in the Fire Department. Minorities made up 21% of the sworn personnel in the Fire Department in 2000 (see Figure 2). Women represented between 4% and 5% of the sworn ranks of the Fire Department between 1990 and 2000. The Fire and Police Commission continues to develop recruitment methods aimed at increasing the diversity of the workforce of both the Fire and Police Departments.

In 2002, the Fire and Police Commission will work to increase minority and female representation by promoting employment with both public safety departments through recruitment at high schools, job fairs, community events, and among community groups. Special attention will be directed toward recruitment for Fire Cadet, Police Aide, and Police Officer. The new Community Relations Specialist position will play a major role in this effort. In 2002, the Commission will dedicate \$651,548 to recruitment, entry-level testing, and promotional testing.

ACTIVITIES

- **Recruitment**
 - Police Aide Program
 - Police Officer

Outcome Indicators and Funding			
	2000 Experience	2001 Budget	2002 Projection
Percent of total Police Officer appointments that are:			
Minority:	29.0%	33.0%	33.0%
Women:	17.0%	17.0%	17.0%
Percent of total Fire Fighter appointments that are:			
Minority:	27.0%	15.0%	15.0%
Women:	2.2%	5.0%	5.0%
Funding by Source:			
Operating Funds	\$579,467	\$556,698	\$651,548
Total:	\$579,467	\$556,698	\$651,548

Figure 1

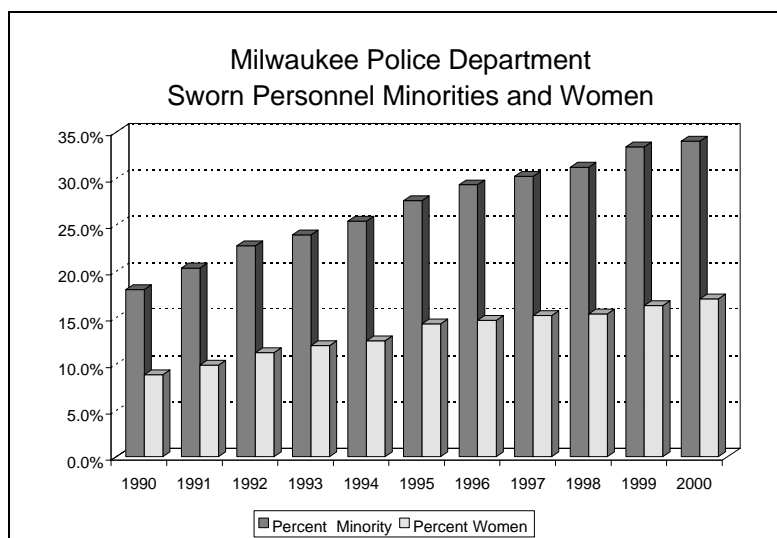
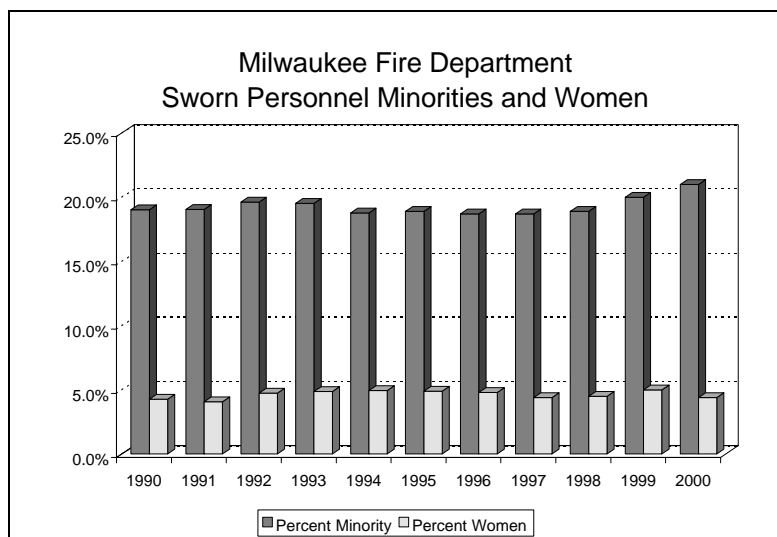


Figure 2



- Fire Cadet Program
- Fire Fighter
- Non-sworn positions
- **Entry-Level Testing**
 - Police Aide
 - Police Officer
 - Fire Cadet
 - Police Dispatcher
 - Non-sworn positions
- **Promotional Testing**
 - Fire Captain
 - Heavy Equipment Operator
 - Lieutenant of Police
 - Police Sergeant
 - Lead Police Telecommunicator

PROGRAM CHANGES

Police Officer Examination: In 1996, the Fire and Police Commission hired an outside testing consultant to revise the Police Officer selection process and develop a validated, job-related examination for the position of Police Officer. In 1997, the Commission began implementing this new process incrementally, by administering an interim Police Officer examination. The new, fully developed, state-of-the-art Police

Officer selection process, including a written cognitive exam, personality inventory, biographical inventory, psychological exam, oral examination, and physical ability test, began in late 2000 and was fully implemented in 2001. The first Police Officer recruits to be selected utilizing the new process entirely, began their training at the Milwaukee Police Academy in August, 2001. The Fire and Police Commission will administer this new Police Officer exam for the second time in 2002.

Third Police Recruit Class: The budget funds an additional police officer recruit class, bringing the total to three recruit classes in 2002. Due to an aging workforce and implementation of the Global Pension Settlement, the department has experienced a higher than average number of retirements in 2001. Additional funding of salaries and equipment for the third recruit class is included in the Police Department budget. This funding will ensure that the sworn strength of the department will rise in 2002 and enable the department to achieve its objective in reducing crime in Milwaukee. With the addition of this class, the Fire and Police Commission expects to recruit, test and hire approximately 198 new officers in 2002

OBJECTIVE 2

Ensure that the Fire and Police Departments have quality employees, appropriate policies and practices, and satisfactory performance by achieving a disciplinary, termination, resignation, and citizen complaint rate for new hires of 10% in 2002.

OUTCOME HISTORY

Performance toward this objective is measured by the overall disciplinary action, termination, resignation, and citizen complaint rate for Police and Fire recruits during their first four years of service. This measure allows the Fire and Police Departments to record and monitor the types of actions that are taken by or against new hires. It also enables the departments to best utilize the Commission's oversight authority to ensure the quality and effectiveness of their personnel, policies, practices, and performance. This rate declined from 20% in 1999 to 18% in 2000.

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Disciplinary, termination, resignation and citizen complaint rate against new hires.	18.0%	10.0%	10.0%
Funding by Source:			
Operating Funds	\$411,072	\$420,040	\$457,789
Total:	\$411,072	\$420,040	\$457,789

The Commission will allocate \$457,789 to this objective. The funds will support oversight of the Police and Fire Departments, including the citizen complaint process and the disciplinary review process. The new Community Relations Specialist will be integrally involved in the Commission's efforts toward this outcome.

PROGRAMS AND ACTIVITIES

Fire and Police Monitoring Oversight:

- Disciplinary review process
- Citizen complaint process

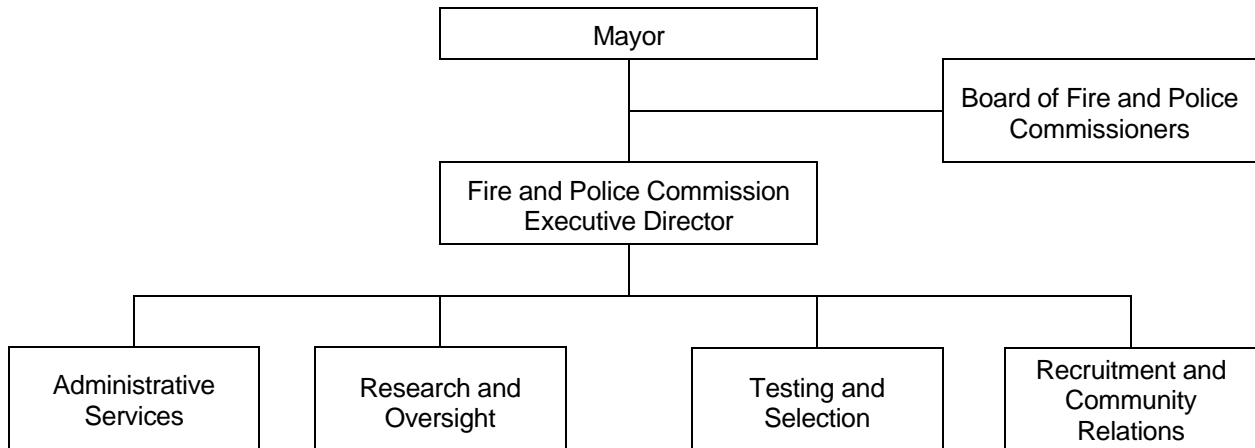
- Oversight of Police and Fire Departments' policies, practices, functions, and performance
- Outreach and community relations
- Monitor Mayor's Commission on Crime initiatives

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	10.39	10.40	11.65	1.25
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	16	16	17	1
DLH - Operations and Maintenance	18,703	18,720	20,970	2,250
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$618,236	\$579,326	\$675,005	\$95,679
Fringe Benefits	193,429	191,178	229,502	38,324
Operating Expenditures	174,110	200,484	203,008	2,524
Equipment	4,764	5,750	1,822	-3,928
Special Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$990,539	\$976,738	\$1,109,337	\$132,599

CAPITAL PROJECTS - None

ORGANIZATION CHART



DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL- TIME EQUIV.	POSITION TITLE	REASON
1	1.00	Community Relations Specialist Sr (X)(Y) (Operating Funding \$39,008)	Position added to reflect increased work load.
0	0.25	Experience Adjustment (Operating Funding \$0)	
1	1.25	TOTAL	

FIRE DEPARTMENT

EXECUTIVE SUMMARY

MISSION:	To protect people and property within the city. The department responds to the needs of citizens by providing rapid, professional, and humanitarian services essential to the health, safety, and well being of city residents.
STRATEGIC ISSUES:	<p>Timely provision of fire suppression, emergency medical, and other emergency services help make the city a desirable and safe place to live, work, and conduct business.</p> <p>Loss of Fire Fighters to other jurisdictions is costly to the department both in terms of losing experienced personnel as well as training new recruits.</p>
INITIATIVES FOR 2002:	<p>Continue to provide citizen information and education programs designed to prevent and minimize the effects of fire and other trauma, including the Fire Fighters Out Creating Urban Safety (FOCUS), Operation First Responder, Sesame Street, Elder Safe, and Survive Alive Programs.</p> <p>Continue to recruit individuals with roots in the community, thereby lessening losses of trained personnel to other jurisdictions.</p> <p>Implement the “Fireflies” Program targeting children in day care settings.</p> <p>Expand the FOCUS Program throughout the Neighborhood Strategic Planning Areas (NSP), and improve services offered to citizens.</p> <p>Provide pre-arrival instructions to 9-1-1 callers with specific medical emergencies.</p> <p>Continue to study the impact of current EMS dispatch protocols on Fire Department apparatus in an effort to strengthen the emergency vehicle fleet and minimize costs.</p>

BACKGROUND

The Milwaukee Fire Department has provided public safety services since 1875. The department currently operates 36 firehouses that are geographically organized into six battalions. Housed in these facilities are 37 engine companies, 16 ladder companies, 8 paramedic units, and 4 rescue squads. Some units have the added responsibilities of special teams: Dive Rescue, Hazardous Materials (Haz-Mat), and the Heavy Urban Rescue Team (HURT). In addition to fire suppression and other special emergency responses, these units also provide Emergency Medical Services (EMS).

The department has dramatically increased its fire prevention activities since the late 1980's. A high number of fire deaths in 1987 (31) prompted the de-

partment to take an aggressive, interactive approach to fire prevention and safety education.

In the 1970's, the department assumed responsibility for providing emergency medical services. Now EMS calls constitute nearly 80% of all requests to the Fire Department for emergency services. The department also participates in a system to provide basic life support services with private sector ambulance providers, and provides paramedic or advanced life support services under Milwaukee County oversight.

In 1997, the Fire Department began providing fire inspection services for public buildings. It also works with building managers to identify any potential fire hazards.

OBJECTIVE 1

Reduce the number of fire deaths, as measured by a three-year average, to seven or below in 2002 through educating the public about services available in the City of Milwaukee that reduce the incidence of fire, morbidity, and negative environmental impacts.

OUTCOME HISTORY

Fire deaths ranged from a high of 31 in 1987 to a low of 4 in 1998. Figure 1 shows the continuing decline in the three-year moving average of fire deaths since the late 1980's. Reductions in the number of fire deaths have coincided with increased efforts in fire prevention. In the 2002 budget, \$11.9 million of operating funding and \$350,000 of grant funding is allocated to this objective.

Many of the department's programs emphasize fire prevention, because fewer fires create fewer situations where a fire death could occur. FOCUS, the department's major fire prevention program, is provided in areas of the city with the highest incidence of fires. In 2000, Fire Fighters installed 1,119 smoke detectors, 968 fire alarm batteries and visited over 4,000 residences as part of this program.

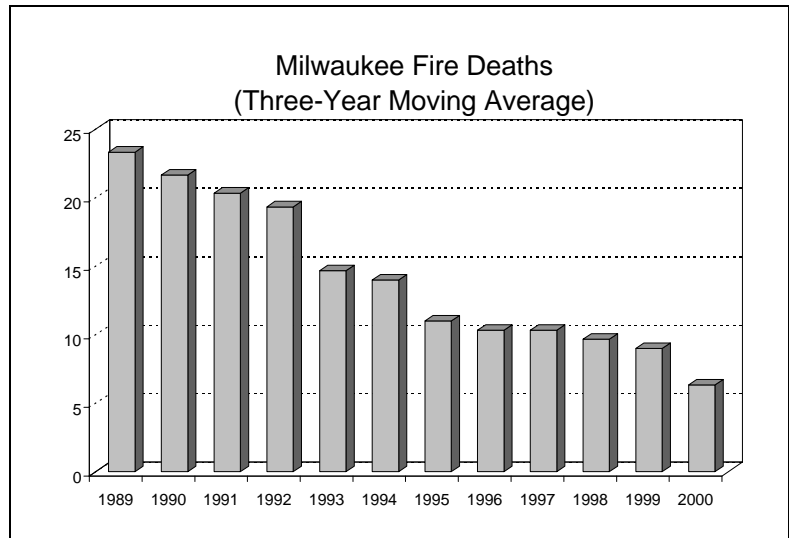
Educational programs, such as Survive Alive House and Sesame Street, teach children how to react when there is a fire in the home, including proper escape procedures and calling 9-1-1. Fire prevention programs like Sesame Street, Elder Safe, the Survive Alive House and others reached 132,553 citizens through 968 programs in 2000.

ACTIVITIES

- Fire prevention
 - FOCUS Program
 - Survive Alive House/Mobile Survive Alive Trailers
 - Elder Safe Program
 - Operation First Responder
- Inspections

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Three-year average number of fire deaths.	6.3	7.0	7.0
Funding by Source:			
Operating Funds	\$12,782,753	\$12,583,853	\$11,941,174
Grant and Reimbursable	0	0	350,000
Total:	\$12,782,753	\$12,583,853	\$12,291,174

Figure 1**PROGRAM CHANGES****Fire Fighters Out Creating Urban Safety (FOCUS):**

The Fire Department's FOCUS Program centers around Fire Fighters going door-to-door to install smoke detectors, replace batteries, and distribute fire prevention information. This program, which focuses on areas of the city with the highest incidence of fires, has proven to be a successful tool in providing fire prevention information to citizens.

In 2002, the Fire Department will expand the FOCUS Program throughout the whole Neighborhood Strategic Planning (NSP) area, and improve the services offered to include home safety inspections and emergency medical information. Specifically, in addition to fire education and smoke detector inspections, Fire Fighters will also conduct:

- **Blood Pressure Monitoring/Stroke Screenings:** If a problem is found in the screening, the citizen will be referred to the Health Department or to his/her physician for follow-up care.
- **Home Safety Inspections:** These inspections will assess fall and other common home hazards – the inspections will focus specifically on children and the elderly.
- **9-1-1 Access Information:** Information regarding when and how to access the medical emergency/9-1-1 system will be distributed to citizens.
- **Social Service Access:** If a medical or social problem is detected during the inspection, the citizen will be referred to the Health Department, his/her physician or a community social service agency for follow up care.

The goal of the expanded FOCUS Program is to ensure that citizens in the NSP areas receive information to protect them from home, health, and fire hazards. The 2002 budget includes \$350,000 in anticipated funding from 2001 CDBG reprogramming money to support this expanded program.

“Fireflies” Child-Care and Fire Education: In 2001, the Fire Department piloted a summer program that

provided fire education to children in the day care setting. In collaboration with Gray’s Child Development Center, 93 children between the ages of 4 to 13 years spent two hours per week with Fire Fighters learning fire prevention and education techniques (e.g., Stop, Drop and Roll) and also participated in a basic exercise program. The Fire Department found this program to be a valuable tool in teaching children the dangers of fire and other hazards. Due to its success, the department plans to expand this program to other day care centers in 2002.

Operation First Responder: Approximately 80% of the calls to the Fire Department request emergency medical services. Normally, the department responds by dispatching a fire engine to the scene. However, medical care emergencies rarely require the participation of all five individuals staffing an engine. In 2000, the department implemented a new program where the remaining personnel, or the engine crew not directly providing medical assistance, will check the residence for smoke detectors and replace smoke detector batteries if necessary. Due to its effectiveness as a fire prevention and suppression tool in 2000 and 2001, the department will continue this program in 2002.

OBJECTIVE 2

Reduce effects of personal injury and property loss through timely provision of fire suppression, emergency medical, and other emergency services as measured by a response time of five minutes or less for 95% of calls received in 2002.

OUTCOME HISTORY

In 2000, the Fire Department responded to roughly 62,900 incidents. Response time to these incidents totaled five minutes or less in 93.0% of all cases. While slightly lower than the 95.0% goal, the 2000 response time data shows improvement in this area over past years. For example, for the years 1996, 1995 and 1993, only 90.5% of calls were responded to within five minutes.

Figure 2 illustrates that response times tend to lengthen during the winter months when weather

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Percentage of responses within five minutes of call.	93.0%	95.0%	95.0%
Funding by Source:			
Operating Funds	\$72,431,179	\$68,612,870	\$67,666,662
Grant and Reimbursable	4,378,322	4,725,228	4,872,455
Capital Budget	136,985	3,789,900	2,730,000
Total:	\$76,946,486	\$77,127,998	\$75,269,117

conditions can adversely affect travel. The trend line indicates that the percentage of calls responded to in five minutes or less has remained constant over 1999 and 2000. The Fire Department’s goal is to improve this trend in 2002 by responding to 95.0% of calls received.

In 2002, \$67.7 million in operating resources will contribute to a total of \$75.3 million allowed to this objective.

ACTIVITIES

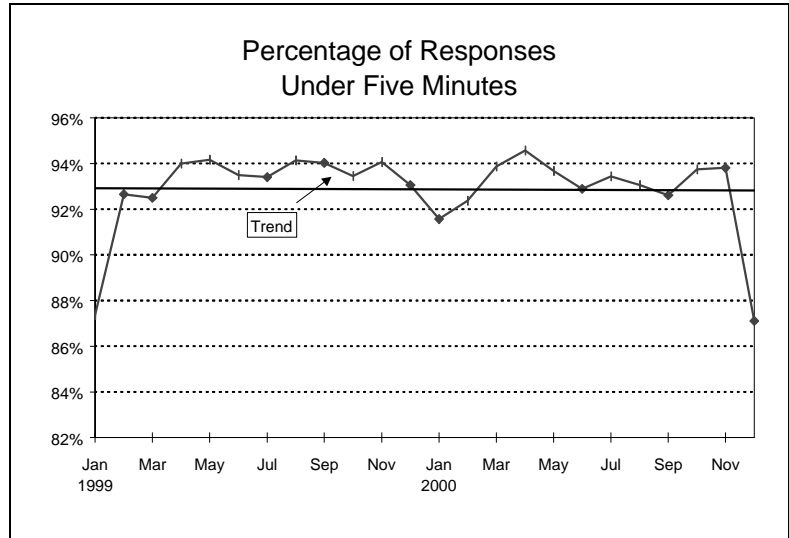
- EMS operations
- Fire suppression
- Special teams emergency services
 - Haz-Mat
 - HURT
 - Dive Rescue
- Facility and equipment maintenance
- Inspections

PROGRAM CHANGES

Pre-Arrival Instructions: In 2002, the Fire Department will begin offering pre-arrival instructions to 9-1-1 callers. In doing so, the City of Milwaukee will become the first and only municipality in Milwaukee County to offer pre-arrival instructions to callers with medical emergencies. Implementation of the Fire Department's new Computer Aided Dispatch (CAD) system will allow departmental dispatchers to provide pre-arrival instructions to callers for specific types of medical emergency calls (birth, choking, cardiac arrest, seizure and bleeding). The goal of these instructions is to initiate basic medical care to the patient while medical personnel are en route. During 2001, the Fire Department is training its dispatchers on how to provide this information, and working with the Milwaukee County EMS Medical Director to design instructions that are simple, concise and medically sound. The new CAD technology and the willingness of the dispatchers will allow the department to initiate this service in 2002 without additional staff or costs to the city.

EMS Dispatch Protocols Equipment Study: Current Fire Department dispatch protocols mandate that

Figure 2



when an EMS call is received, the nearest engine or ladder company is dispatched as the first responder. Due to the limited number of Advanced Life Support Paramedic Ambulances and Basic Life Support Units in the city, dispatching in this manner ensures that medical services reach the person in need quickly.

A consequence of the current dispatch protocol is the wear and tear on the department's emergency fleet. Due to increased usage and mileage, the city has had to make significant investments in the repair, maintenance, and replacement of Fire Department's engine and ladder trucks. In 2001, the Department of Administration-Budget and Management Division, working with the Fire Department, initiated a study to determine the impact of the current EMS dispatch system on the department's fire equipment. The study will survey other major cities to discover alternative models of EMS service provision, and will determine the operational and financial impacts of implementing each model. The study will be completed in 2002, with recommendations to be implemented in 2002 or 2003.

CAPITAL IMPROVEMENTS

The Fire Department is responsible for maintenance of its facilities and fire stations. Engine house ventilation upgrades of \$100,000, a window replacement program of \$100,000, and \$980,000 for renovations to Engine #3 (100 West Virginia Street) are included in

the 2002 budget to improve environmental conditions within fire stations.

Equipment Replacement Program: The 2002 budget includes \$1.6 million for the purchase of three

engines, one ladder, and one ambulance. The 2002 budget continues the equipment replacement schedule initiated in the 2001 budget, upgrading and improving the Fire Departments emergency vehicle fleet that safeguards the public. In 2002, the funding for the Fire Department's major equipment will be transferred from the operating budget to the capital improvements budget.

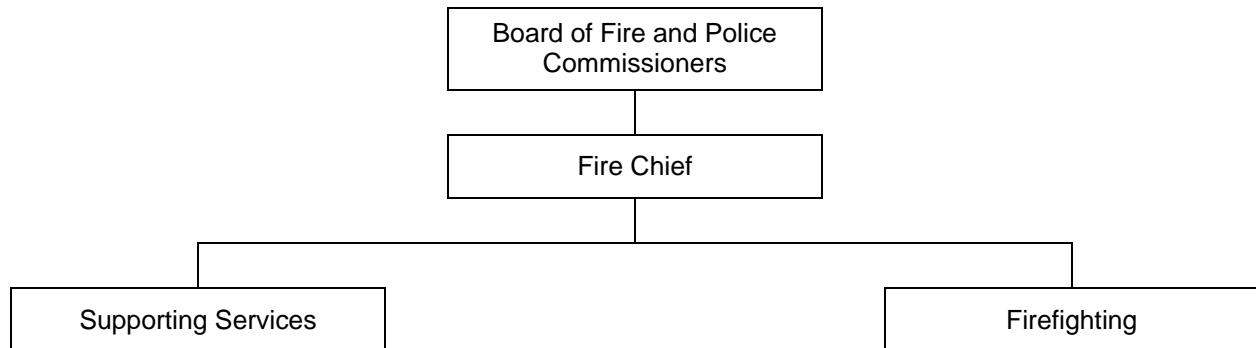
The budget also includes \$150,000 in the Special Projects Section of the capital budget to study the renovation needs of the Fire Shop and other city repair facilities (Consolidated Municipal Garage- Fire Repair Facility Study Project). This study will determine the needs of individual city repair facilities and explore consolidation issues. Once the study is completed, the Fire Department will use its recommendations to plan for the needs of its repair shop in 2003 and the future.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	1,223.40	1,144.25	1,148.13	3.88
FTEs - Other	75.00	75.00	83.75	8.75
Total Positions Authorized	1,146	1,148	1,148	0
DLH - Operations and Maintenance	2,771,360	2,585,118	2,569,247	-15,871
DLH - Other Funds	169,875	172,725	190,699	17,974
EXPENDITURES				
Salaries and Wages	\$58,331,720	\$57,124,994	\$56,427,047	\$-697,947
Fringe Benefits	20,461,874	18,279,999	19,185,197	905,198
Operating Expenditures	3,824,087	3,076,685	3,499,934	423,249
Equipment	2,537,378	2,638,605	426,035	-2,212,570
Special Funds	<u>58,873</u>	<u>76,440</u>	<u>69,623</u>	<u>-6,817</u>
TOTAL	\$85,213,932	\$81,196,723	\$79,607,836	\$-1,588,887
REVENUES				
Charges for Services	<u>\$1,496,700</u>	<u>\$1,300,000</u>	<u>\$1,452,500</u>	<u>\$152,500</u>
TOTAL	\$1,496,700	\$1,300,000	\$1,452,500	\$152,500

CAPITAL PROJECTS - Includes \$2,730,000 for the following projects:

- a. Window Replacement Program - \$100,000
- b. Toilet and Ventilation Separation - \$100,000
- c. Alterations at Engine #3 - \$980,000
- d. Major Capital Equipment - \$1,550,000



DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
Firefighting Decision Unit			
-24	-24.00	Paramedic Officer/Fire Paramedic Officer (Operating Funding \$-1,286,374)	Technical correction to reflect positions ordinance.
24	24.00	Paramedic Field Lieut/Fire Para Field Lieut (Operating Funding \$1,286,374)	
0	8.75	Various Fire Fighting Positions (Non-Operating Funding \$350,000)	Change positions from operating funding to CDBG reprogramming funds for expanded FOCUS Program.
	-8.75	(Operating Funding \$-350,000)	
Support Services Decision Unit			
-1	-1.00	Assistant Motor Vehicle Operator Instructor (Operating Funding \$-53,302)	Position reclassification approved in 2001.
1	1.00	Vehicle Operations Instructor (Operating Funding \$53,237)	
0	12.63	Miscellaneous (Operating Funding \$0)	Refinement of FTE calculation - reflects work reduction days adjustment.
0	12.63	TOTAL	

HEALTH DEPARTMENT

EXECUTIVE SUMMARY

MISSION:	To ensure that services are available to enhance the health of individuals and families, promote healthy neighborhoods, and safeguard the health of the Milwaukee community.
STRATEGIC ISSUES:	<p>Prevent and control communicable and chronic diseases in Milwaukee.</p> <p>Promote maternal and child health and safety.</p> <p>In coordination with the Department of Neighborhood Services, improve the environmental quality in Milwaukee.</p> <p>Protect the public from unsanitary and unhealthy consumer products and services.</p>
INITIATIVES FOR 2002:	<p>Implement new fetal infant mortality review recommendations.</p> <p>Implement the use of the Wisconsin Immunization Registry by physicians in the city.</p> <p>Increase community-based sexually transmitted infection prevention supported by new technologies.</p> <p>Promote enrollment in BadgerCare and other human services programs.</p> <p>Improve preparedness for bio-terrorism and other public health emergencies.</p> <p>Integrate health promotion programming for youth including tobacco, nutrition, violence, pregnancy, and sexually transmitted diseases.</p> <p>Continue implementation of commercial inspection database and client tracking system.</p> <p>Link lead hazard abatement to property liability protection.</p> <p>Promote increased departmental efficiency through position changes.</p>

BACKGROUND

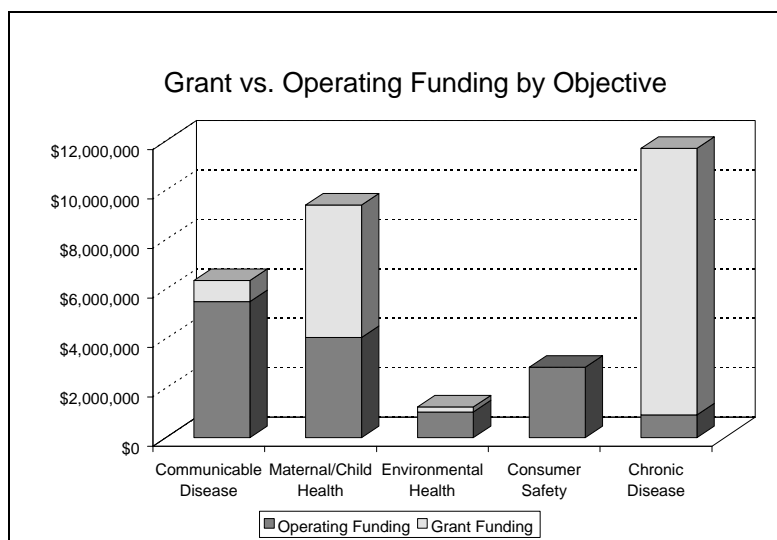
The Milwaukee Health Department (MHD) has served residents of the City of Milwaukee since 1867. Today, the department focuses its efforts on public health assessment, policy development and leadership, and assuring service availability and accessibility. The Health Department operates from seven locations throughout the city, including five health centers and one remote clinic site.

The Health Department's 2002 budget reflects new outcomes-driven strategic planning. The department's 2000 reorganization increased internal coordination and efficiency through a simpler and flatter organizational structure. Five management units now focus on specific community outcome goals, such as reducing racial disparity in infant mortality, improving school-ready development of young children, and reducing

sexually transmitted illnesses. Many of the new initiatives for 2002 were generated by planning for outcomes, focused on community health goals, rather than services. Partnerships with other organizations have become ever more critical for such planning.

In 2002, the Health Department will continue to receive a significant amount of grant funding. As seen in Figure 1, the Health Department expects to supplement its \$14.3 million in operating funding with over \$17 million in grants in 2002.

Figure 1



OBJECTIVE 1

To reduce the incidence of communicable disease in Milwaukee as measured by increasing the immunization level of two-year olds.

OUTCOME HISTORY

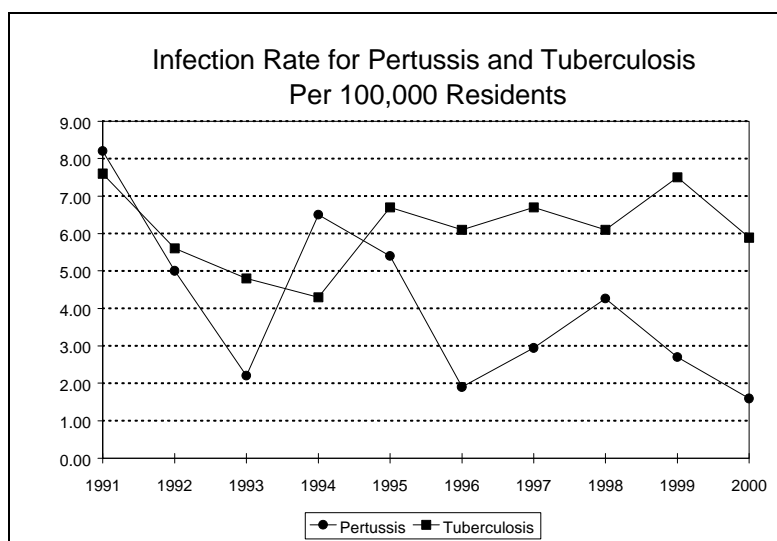
Having children appropriately immunized reduces the rate of future communicable diseases. The Health Department is progressing towards its objective of having 90% of two-year olds with age-appropriate immunizations. This objective is used as one indicator of likely future communicable disease infection rates. In 2000, the estimated rate rose to 73.4%, a full percent increase over the previous year's experience.

The Health Department plays a role in reducing communicable disease infections by educating families, increasing immunization rates (performing immunizations themselves when necessary), assuring adequate diagnosis and treatment of communicable diseases like sexually transmitted illnesses and tuberculosis, and reducing the conditions under which communicable diseases spread (see Figure 2). As immunization rates increase, measles, mumps, pertussis and other once-common childhood illnesses have become very rare. New immunizations target hepatitis B and chicken pox, requiring continued emphasis on

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Percent of two-year olds immunized.	73.4%	82.0%	82.0%
Funding by Source:			
Operating Funds	\$5,188,934	\$5,616,188	\$5,492,744
Grant and Reimbursable	771,237	677,975	858,834
Capital Budget	186,852	0	37,400
Special Purpose Accts.	305,421	309,200	314,200
Total:	\$6,452,444	\$6,603,363	\$6,703,178

Figure 2



vaccination programs. Unfortunately, national immunization rates have fallen over the past few years, and local progress has been slow. It is hoped that innovations like the Wisconsin Immunization Registry will lead to a progress in this area.

Figure 3 shows the degree to which sexually transmitted infections increasingly overshadow other reportable disease rates in the community. Combating these diseases will require sustained and innovative effort in the years to come. The 2002 budget allocates \$6.7 million to communicable disease control.

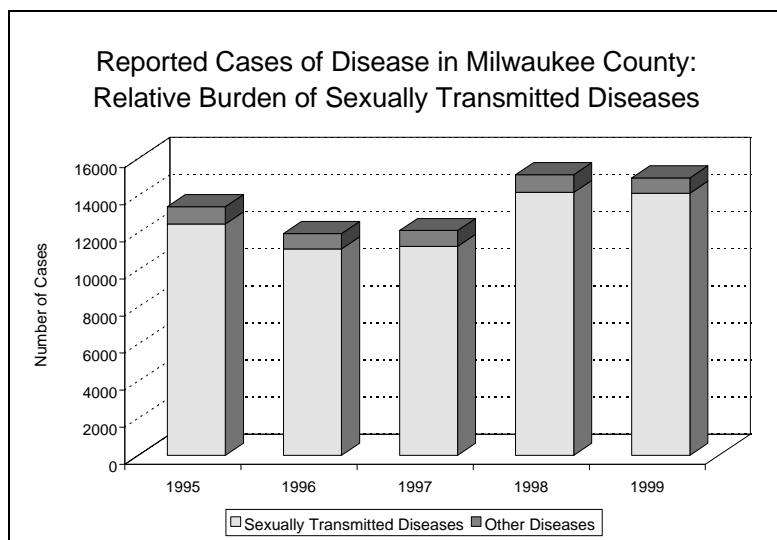
PROGRAMS

- Immunization delivery, registry and tracking
- Tuberculosis control
- Sexually transmitted disease surveillance and treatment
- HIV/AIDS prevention
- Water-borne and food-borne illness control
- Communicable disease surveillance (SURVNET)
- Communicable disease laboratory services

PROGRAM CHANGES

Outbreak Preparedness: In 2002, the Health Department will work towards greater public health emergency preparedness. The Health Department has augmented its ability to respond quickly to communicable disease outbreaks, bioterrorism, and other emergencies (such as floods or heat waves) by integrating medical, nursing, environmental and epidemiologic staff and through grant funded

Figure 3



initiatives like the SURVNET tracking system and adding a second Epidemiologist. These changes greatly assisted the department's response to the recent outbreak of E-coli in the city.

Immunizations: Data from the department's Client Tracking System will enable the new Wisconsin Immunization Registry to display all department-administered vaccinations for medical and school records.

Sexually-Transmitted Infections: New laboratory techniques allow diagnosis from urine specimens, facilitating outreach, diagnosis and treatment in community and correctional settings. In 2002, the Health Department will continue to experiment with new ways to identify and cure these types of disease. Additionally, the new Compliance Analyst position will be responsible for tracking down and applying for new grants related to this issue.

OBJECTIVE 2

To promote the health and safety of women and children in Milwaukee as measured by reducing the five-year average infant mortality rate to 9 deaths per 1,000 live births.

OUTCOME HISTORY

The infant mortality rate in 2000 declined to 10.5 deaths per 1,000 live births from 13.0 in 1989. Infant mortality serves as a measurement of the health of

the city's children. As Figure 4 illustrates, although overall city infant mortality is on the decline, there is a disparity between white and non-white infants. Reducing that disparity is now a leading outcome goal for the department.

The Health Department's 2002 budget dedicates over \$9.4 million to promote maternal and child health, which includes almost \$5.4 million in state and federal grants.

PROGRAMS

- Prenatal and Reproductive Health
- Care Coordination
- Infant and Pre-school Health
- Elementary School Health Consultation and Coordination
- Middle/high school nursing and healthy-behaviors education/counseling (Adolescent School Health Program)
- Childhood Lead Poisoning Prevention
- Childhood Asthma Program
- WIC Nutrition Program
- Newborn Screening
- Milwaukee Metropolitan Adolescent Pregnancy Prevention Consortium
- Sudden Unexpected Infant Death Services
- Violent and Unintentional Injury Prevention
- Refugee Child Health
- Fetal Infant Mortality Review
- Vital Statistics/MCH Data Institute
- HealthCheck Screening Clinics

PROGRAM CHANGES

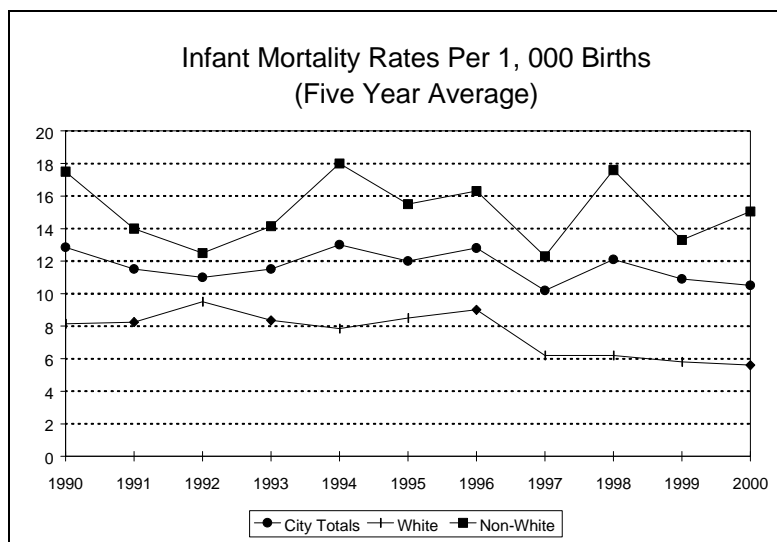
State Consolidated Contract: As part of the 2000 budget, the Milwaukee Health Department implemented the provisions of the State of Wisconsin Division of Public Health Consolidated Contract Agreement. This contract includes an increasing number of previously separately-funded programs, including the Adolescent School Health Program, Medicaid/BadgerCare Outreach, Childhood Lead Poisoning Prevention Program, Immunization Program, Preventive Health and Health Services, Wisconsin Women's Cancer Control Program, and Tobacco Prevention Initiatives. The Consolidated Contract Agreement is a performance-based contract, meaning that the department must meet its objectives or else pay back a portion of the funding. One of the provisions in the Consolidated Contract is a substantial stepwise reduction in Federal Maternal-Child Health Block Grant funds coming to agencies in the City of Milwaukee over three years. The year 2002 will be the third and final year of these funding reductions; funding by approximately \$160,000 from 2001.

School Based Services: The recent decentralization of Milwaukee Public Schools has placed individual

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Infant mortality rate (five-year average).	11.2%	12.0%	10.6%
Funding by Source:			
Operating Funds	\$4,197,702	\$4,175,245	\$4,047,715
Grant and Reimbursable	5,688,802	3,968,124	5,353,184
Capital Budget	154,999	27,600	56,100
Total:	\$10,041,513	\$8,170,969	\$9,456,999

Figure 4



schools in charge of much of their expenditure authority. In 2001, several of the individual schools chose not to purchase the services of the Health Department. The Intergovernmental Transfer Agreement between Milwaukee Public Schools and the Health Department, in place since 1998, was modified to reflect that change in the 2001 budget. Similarly, in the 2002 budget, Milwaukee Public Schools will reimburse the city for public health functions. The funds will be used to provide in-school nursing services and to provide Milwaukee Public Schools system-wide public health functions.

Healthy Family/Healthy Infant Initiative: As part of its continued efforts to reduce the city's infant mortality rate, the Milwaukee Health Department's Maternal and Child Health Division will be launching a new, collaborative effort to reduce the racial and ethnic disparity in infant mortality rates. In 1999, 88 of the 118 (74.5%) City of Milwaukee infant deaths occurred in

the Neighborhood Strategic Planning Areas. As shown in Figure 4, the infant mortality rate amongst non-white residents is substantially higher than that of white residents. In 2002, the new program will proactively tackle the high proportion of births, infant deaths, and risk factors that occur in the CDBG target areas.

The Healthy Family/Healthy Infant Initiative has three primary goals: 1) to identify high-risk pregnancies in the Neighborhood Strategic Planning Areas; 2) to assess risk factors by prevention counseling, referral and follow-up; and 3) to improve the on-going child care of high-risk infants and families. MHD has fostered partnerships with community organizations, faith organizations, healthcare providers, corrections, alcohol and drug abuse, mental health services, shelters and food pantries as well as families served by our Public Health Nurses, in order to ensure that those at greatest risk are being identified.

The Fetal Infant Mortality Review (FIMR) released its review of 1999 deaths, with new recommendations for policies and services. The Healthy

Family/Healthy Infant Initiative includes changes based on these recommendations. The 2002 budget allocates over \$500,000 in Community Development Block Grant funds to this new program which will combine several existing prenatal and early childhood care programs, including anticipated funding of \$210,000 from 2001 CDBG reprogramming money.

Lead Hazard Abatement: The Health Department's Lead Program has been recognized as one of the most comprehensive abatement efforts taking place in the United States. The development of low-cost abatement strategies and property-owner liability concerns have increased the demand for voluntary, partially-subsidized abatement of low-income rental properties. The U.S. Department of Housing and Urban Development Health Department already distributes the maximum amount of funding available to the Health Department. For the 2002 budget, the department was awarded \$600,000 in CDBG funds to supplement its lead abatement efforts. Lawsuits against the lead pigment industry or private donations may be other possible sources of future funding.

OBJECTIVE 3

To improve the city's environmental quality as measured by the volume of total hazardous materials released into the air.

OUTCOME HISTORY

The Health Department's environmental quality programs aim to protect the city's residents from environmental hazards. A major focus is to prevent and reduce human health conditions related to air, water, soil, commercial and home settings, often in cooperation with other agencies. The department's Environmental Technology Section actively monitors, investigates, regulates, intervenes, and provides technical assistance regarding several health concerns. These concerns include drinking water quality, beach conditions, outdoor and indoor air quality, and contamination of properties. The 2002 budget includes over \$1.2 million in operating and grant funding for environmental quality.

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Weight (in pounds) of total hazardous materials released into the air.	1,450,000	1,100,000	1,100,000
Funding by Source:			
Operating Funds	\$959,171	\$637,577	\$1,044,005
Grant and Reimbursable	384,988	210,355	197,680
Capital Budget	35,417	0	0
Total:	\$1,379,576	\$847,932	\$1,241,685

PROGRAMS

- Air hygiene and air toxic management
- Hazardous and toxic materials management
- Water quality control
- Emergency preparedness and response
- Land use and development

OBJECTIVE 4

Improve the quality and safety of health-related consumer products and services as measured by the percent of establishments with critical violations on the initial inspection.

OUTCOME HISTORY

To measure its success on this objective, the Health Department measures the percent of food establishments with critical violations on the initial inspection. In 2000, 40.4% of establishments had at least one critical violation, a decline from over 57% the prior year. The Health Department is continuing to focus on the Hazard Control and Critical Event Pathways Program. As shown in Figure 5, the department investigated 39 possible food-borne outbreaks that involved over 121 potentially exposed persons in 2000. This data is related to both commercial and non-commercial (in-home) food sources.

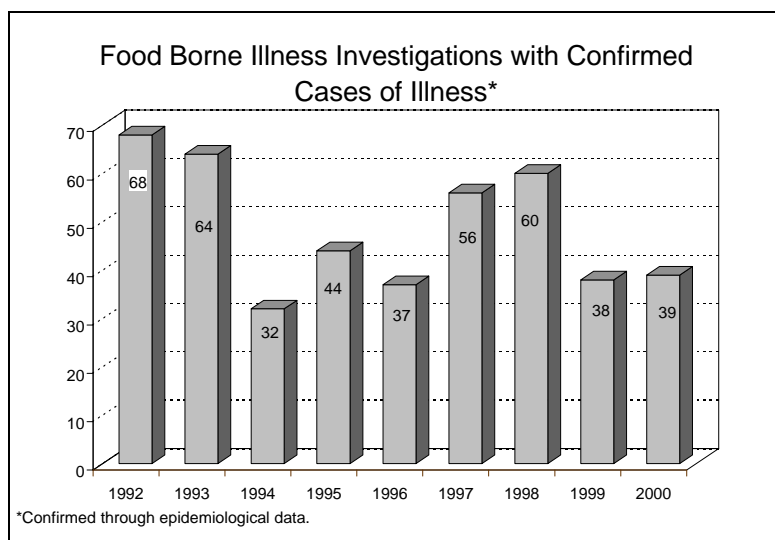
In the 2002 budget, the Health Department will dedicate \$2.9 million towards improving the quality and safety of health-related consumer products and services.

E-coli Outbreak: In late July of 2000, several cases of E-coli infection were identified by the Infection Control staff at Children's Hospital of Wisconsin, Milwaukee. The Health Department was summoned to conduct an initial investigation. It determined that all of the infected children had recently eaten at a Milwaukee area restaurant. The owners voluntarily closed the restaurant while the Health Department investigated the source of the infection and confirmed additional cases that were linked to the location.

The investigation confirmed a total of 62 cases and identified 551 probable cases and 122 possible cases (gastrointestinal signs and symptoms) through interviews with those eating at the restaurant between July 12 and 21, 2000. Analysis of food preparation practices found that the potential for cross-contamination was high due to the proximity of meat processing and ready-to-eat food preparation areas. The source of exposure was found to be fresh watermelon on the

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2001 Projection
Percent of establishments which have critical violations on the initial inspection.	40.4%	50.0%	40.0%
Funding by Source:			
Operating Funds	\$2,623,844	\$2,303,092	\$2,841,616
Capital Budget	96,885	0	18,700
Total:	\$2,720,729	\$2,303,092	\$2,860,316

Figure 5

salad bar. It had been contaminated by raw sirloin tips during the food preparation process.

Throughout the investigation, the Health Department conducted a public awareness campaign on the dangers of the E-coli virus and made efforts to educate the public on how to reduce their risk of infection. The handling of the outbreak was a good example of the ability of the Health Department to respond to an emergency situation. The episode was used for a national public health training video in which federal officials highly complemented the Milwaukee Health Department's response.

PROGRAMS

- Food safety licensing and inspection
- Weights and measures

- Sales ordinance enforcement
- Fire inspections (in Health Department permitted facilities)
- Tattoo and piercing establishment licensing

PROGRAM CHANGES

Commercial Inspection Database and Client Tracking System: The department is currently replacing

paper records with new software to permit electronic tracking of licenses and inspection. This automation permits rapid retrieval and analysis of safety violations and improved ability to focus on problem areas. The new Wisconsin Food Code represents a substantial change in enforcement strategy that is being addressed with increased training and oversight. Emphasis is now on food-safe management practices rather than simple inspection checklists.

OBJECTIVE 5

To improve the health status of adults living in Milwaukee as measured by reducing the total five-year average premature death rate from breast cancer, smoking-related cancers, and cardiovascular disease to 1.44 per 1,000 people in 2002.

OUTCOME HISTORY

Similar to national trends, death rates from cardiovascular disease have declined significantly over the last decade, but total deaths from cancer, chronic obstructive lung disease and other causes remain relatively unchanged. Many of these disorders are related to behaviors, habits or exposures that began decades ago. Early detection of some diseases can reduce the chance of death and disability. The 2002 budget includes \$921,496 in operating funding, \$10,772,526 in grant funding, and \$18,700 in capital funding to reduce chronic disease.

Rising rates of obesity and diabetes are becoming important public health concerns, emphasizing the importance of exercise and nutrition. The Health Department contains the only non-WIC local public health nutritionist in Wisconsin to deal with these issues.

PROGRAMS

- Cardiovascular risk reduction (hypertension, cholesterol, diet, exercise, and smoking)
- City employee occupational health services
- Health screening services
- Milwaukee Breast and Cervical Cancer Awareness Project (mammography case management)
- Tobacco Use Prevention
- Municipal Health Services Program (MHSP)

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Five-year average premature death rate.	1.44	1.50	1.50
Funding by Source:			
Operating Funds	\$840,138	\$877,931	\$921,496
Grant and Reimbursable	5,582,461	12,500,663	10,772,526
Capital Budget	31,022	601,600	18,700
Total:	\$6,453,621	\$13,980,194	\$11,712,722

- Community Nutrition Program
- Employee Assistance Program

PROGRAM CHANGES

Integration of Youth Health Programs: Many of the risk factors for chronic diseases begin as behaviors, habits, and addictions among school-aged children and adolescents. The Health Department's recent reorganization integrates youth and adult services from smoking prevention to violence initiatives and breast cancer screening. This approach increases visibility and deepens the experience-base for the department's emphasis on disease prevention. In 2002, new outcome-based strategies for youth continue to focus on healthy behaviors, with a new emphasis on healthy mental development, which underpins many other health issues.

Enrollment Promotion: The community's capacity for prevention and treatment relies on access to medical care. In 2002, the Health Department will intensify its efforts to help families find insurance and to provide primary health care through its MA Outreach and MHSP grants, facilitating the Badger-Care Coordinating Network, and serving the Mil-

waukee County Health Care Policy Taskforce. Over 27,000 Milwaukee County residents have been newly-insured by Medicaid and BadgerCare since

the BadgerCare Coordinating Network began its work in 1998.

OTHER ACTIVITIES AND CHANGES

Compliance Analyst: The department relies on grants and contracts to support department activities, and is increasingly contracting with community-based partners as well. Contract compliance is becoming a critical function; requiring internal expertise with the regulations of numerous federal and state health agencies as well as modern health care business practices. (Two major universities were recently de-funded for violations of such policies.) The new Compliance Analyst position will help assure the city does not run afoul of regulations while also assuring maximum accountability for dollars spent in the community.

Other Position Changes: The 2002 budget reflects a number of position changes from the 2001 adopted budget. Two vacant Office Assistant II positions will be eliminated (one 0.5 FTE) due to increased operational efficiency. One vacant Public Health Nurse position will be eliminated as part of the continued reorganization efforts. Finally, a vacant Laboratory Assistant II has been eliminated due to expected efficiencies to be gained from an investment in new lab glassware.

Coordination of Health Department/MMSD Laboratories: In 2001, the MHD and MMSD laboratories were reviewed for areas of service overlap and the

potential for functional consolidation. The MHD lab is primarily used for public testing of drinking water, other water used by the public, clinical diseases, food, and asbestos presence. The MMSD lab is also used for water testing, but primarily for environmental testing of ground, surface, storm, and waste water. Its other areas of concentration include industrial waste and sludges. Several areas were identified for cost sharing and reduction of duplicated effort. Some examples include: collaboration in grant opportunities, mass supply ordering, testing mandates and eliminating overlap in water sampling sites.

In 2002, the MHD will continue to work with MMSD to identify supply or service consolidations that are appropriate and cost effective.

Client Tracking System (CTS): In 2002, the Health Department, in cooperation with the Department of Administration Information Technology and Management Division, will conduct a study to determine the best option for replacement of its Client Tracking System. Several options will be explored that will include an interactive billing component and the ability to share client data with other local, state, and federal health agencies. The new system will be purchased and implemented in 2003.

CAPITAL IMPROVEMENTS

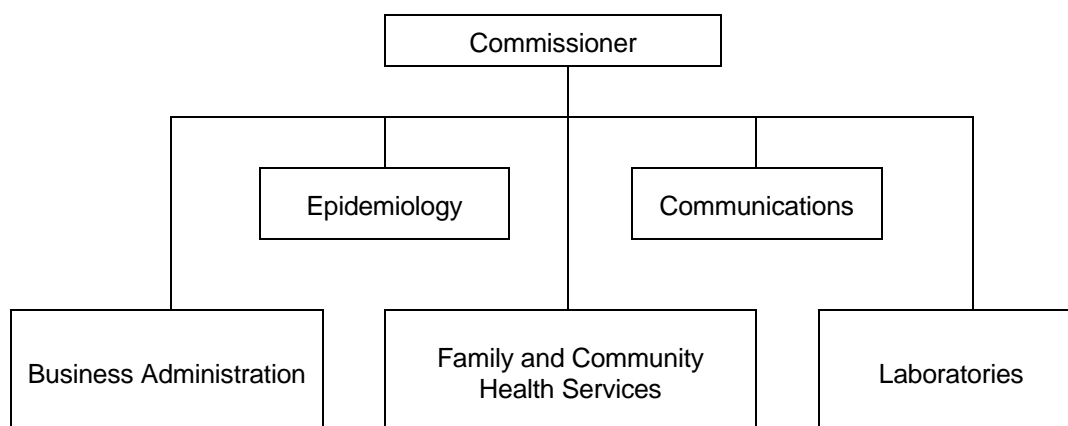
Exterior Building Maintenance Projects: The 2002 capital budget includes \$130,900 for repairs at Northwest Health Center. Included in this amount is \$6,000 for the replacement of all exterior passage doors. The black-top grade on the west side of the building will also be re-graded for an estimated cost of \$16,500. In

order to increase energy efficiency, \$58,400 will be spent to replace the original aluminum single pane windows. Lastly, the deteriorating rear approach to the building will be replaced for \$44,000. An additional \$6,000 is provided for unanticipated expenses related to these projects.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	206.38	223.75	217.07	-6.68
FTEs - Other	82.19	102.40	122.53	20.13
Total Positions Authorized	374	368	377	9
DLH - Operations and Maintenance	371,492	402,750	390,726	-12,024
DLH - Other Funds	147,939	184,320	220,554	36,234
EXPENDITURES				
Salaries and Wages	\$9,076,835	\$8,697,429	\$9,147,129	\$449,700
Fringe Benefits	2,752,840	2,870,152	3,110,024	239,872
Operating Expenditures	1,827,856	1,913,672	1,959,743	46,071
Equipment	23,688	15,100	17,000	1,900
Special Funds	<u>128,570</u>	<u>113,680</u>	<u>113,680</u>	<u>0</u>
TOTAL	\$13,809,789	\$13,610,033	\$14,347,576	\$737,543
REVENUES				
Charges for Services	\$779,676	\$1,075,700	\$813,670	\$-262,030
Licenses and Permits	<u>1,307,370</u>	<u>1,208,200</u>	<u>1,454,426</u>	<u>246,226</u>
TOTAL	\$2,087,046	\$2,283,900	\$2,268,096	\$-15,804

CAPITAL PROJECTS - Includes \$130,900 for Exterior Building Maintenance Projects.

ORGANIZATION CHART

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Health Operations Administrator (Operating Funding \$-77,950)	Reclassification of positions.
1	1.00	Health Operations Director (Operating Funding \$102,069)	
-1	-1.00	Staff Assistant (Operating Funding \$-57,660)	
1	1.00	Health Communications Officer (Operating Funding \$49,659)	
-1	-1.00	Office Assistant IV (Operating Funding \$22,905)	
1	1.00	Health Project Assistant (Operating Funding \$36,192)	
-1	-1.00	Staff Development Coordinator (Operating Funding \$-33,884)	
1	1.00	Staff Development Manager (Operating Funding \$51,562)	
-2	-2.00	Public Health Aide (Non-Operating Funding \$-46,818)	
2	2.00	Health Access Assistant II (Non Operating Funding \$59,178)	
-1	-1.00	Health Access and Adult Health Manager (Operating Funding \$-69,828)	
1	1.00	Healthcare Access and Services Manager (Operating Funding \$72,100)	
-1	-1.00	Public Health Nurse Supervisor (Operating Funding \$-61,455)	
1	1.00	Communicable and Infectious Disease Program Supervisor (Operating Funding \$48,238)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Tobacco Prevention Specialist (Operating Funding \$-39,412)	Reclassification of positions.
1	1.00	Health Project Coordinator (Operating Funding \$43,307)	
-1	-1.00	Accounting Assistant I (Operating Funding \$-28,739)	
1	1.00	Accounting Assistant II (Operating Funding \$32,748)	
0	1.00 -1.00	Public Health Nurse (Operating Funding \$36,758) (Non-Operating Funding \$-36,378)	Change from grant-funding to operating funding.
0	0.25 -0.25	Teen Pregnancy Prevention Program Monitor (Operating Funding \$12,642) (Non-Operating Funding \$-12,642)	
0	-0.10 0.10	Health Interpreter Aide (Operating Funding \$-2,872) (Non-Operating Funding \$2,872)	Change from operating-funding to grant funding.
-1	-0.40	Graduate Intern (Non-Operating Funding \$-7,239)	Elimination of Preventive Health grant-funded grant-funded position.
-1	-1.00	Public Health Interpreter Aide (Non-Operating Funding \$0)	Change of position title.
1	1.00	Health Access Interpreter (Non-Operating Funding \$0)	
0	-0.50 0.50	Public Health Nurse Supervisor (Operating Funding \$-21,338) (Non-Operating Funding \$21,338)	Change from operating-funded positions into CDBG Prenatal Grant.
0	-5.65 5.65	Public Health Nurse (Operating Funding \$-215,277) (Non-Operating Funding \$215,277)	
0	-3.00 3.00	Clinic Assistant (Operating Funding \$-91,755) (Non-Operating Funding \$91,755)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
0	-0.50	Office Assistant II (Operating Funding \$-14,666)	Change from operating-funded positions into CDBG Prenatal Grant.
	0.50	(Non-Operating Funding \$14,666)	
0	-1.00	Public Health Educator (Operating Funding \$-38,896)	Change from operating-funded positions into CDBG Prenatal Grant.
	1.00	(Non-Operating Funding \$38,896)	
0	-4.40	Public Health Nurse (Operating Funding \$-235,706)	Increased vacancy assumptions.
1	1.00	Public Health Nurse (Non-Operating Funding \$43,976)	New position funded by HIV Women's Project.
1	1.00	Health Access Assistant II (Non-Operating Funding \$29,636)	New position in the School Based Medical Assistance Outreach Grant.
1	0.30	Microbiologist III (Non-Operating Funding \$12,748)	New position in Bioterrorism Preparedness.
2	0.00	Office Assistant II (Non-Operating Funding \$0)	Positions split into two half time positions.
2	1.00	Nurse Practitioner (Non-Operating Funding \$48,454)	Positions added to STD Grant programs.
1	0.50	Office Assistant II (Non-Operating Funding \$11,806)	
-1	-1.00	Administrative Assistant I (Operating Funding \$-30,254)	Retitled and moved from Administration to IT.
1	1.00	Information Technology Specialist (Operating Funding \$34,201)	
-1	-1.00	Laboratory Assistant II (Operating Funding \$-31,082)	Elimination due to new labwear.
-1	0.00	Custodial Worker II - City Laborer (Operating Funding \$0)	Elimination of unfunded position.
1	1.00	Compliance Analyst (Operating Funding \$41,182)	New position to assume expanded grant writing and performance monitoring responsibilities.
-1	-1.00	Public Health Nurse (Operating Funding \$43,420)	Elimination of positions due to operational efficiencies.
-2	-0.50	Office Assistant II (Operating Funding \$12,677)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
1	0.00	Lab Assistant II (Non-Operating Funding \$0)	Reallocation of Lead Grant positions.
-3	-3.50	Public Health Aide (Non-Operating Funding \$-101,270)	
4	4.00	Environmental Health Specialist II (Non-Operating Funding \$137,131)	
1	1.00	Lead Program Housing Manager (Non-Operating Funding \$61,608)	New Lead Grant positions.
1	1.00	Lead Project Coordinator (Non-Operating Funding \$42,363)	
2	2.00	Chemist II (Non-Operating Funding \$82,781)	
-1	-1.00	Nutritionist (Non-Operating Funding \$-31,210)	Changes in WIC grant-funded positions.
1	1.00	Dietetic Technician (Non-Operating Funding \$28,414)	
-1	-1.00	Office Assistant III (Non-Operating Funding \$-26,197)	
3	3.00	Office Assistant II (Non-Operating Funding \$77,578)	
-1	-1.00	Public Health Educator (Non-Operating funding \$-37,131)	Elimination of Pregnancy Prevention Grant position.
-1	-0.60	Office Assistant II (Non-Operating Funding \$-11,747)	Elimination of STD Grant position.
0	0.67	Chemist (Operating Funding \$34,632)	Change from reimbursable-funded to operating-funded position.
	-0.67	(Non-Operating Funding \$-34,982)	
0	1.00	Various Grant Positions (Non-Operating Funding \$38,155)	Changes in grant-funded positions.

POSITIONS	FULL- TIME EQUIV.	POSITION TITLE	REASON
0	4.75	Vacancy Adjustment (Operating Funding \$183,436)	Decreased vacancy assumptions.
0	3.30	Experience Adjustment (Operating Funding \$0)	
	2.00	(Non-Operating Funding \$0)	
9	13.45	TOTAL	

LIBRARY

EXECUTIVE SUMMARY

MISSION:	To provide materials, services, and facilities for the citizens of Milwaukee and others in order to meet present and future informational needs, and to raise the level of civilization in Milwaukee.
STRATEGIC ISSUES:	<p>Provide collections, services, and programs to enhance the long-term economic well-being of our community and meet the informational needs of a diverse population.</p> <p>Provide Milwaukee citizens with a competitive advantage through technology.</p> <p>Assure that all Milwaukee citizens have access to current and future forms of information.</p>
INITIATIVES FOR 2002:	<p>Improve the Milwaukee Public Library's presence in the community through partnerships, collaboration and outreach efforts, and programs.</p> <p>Increase the use of the Milwaukee Public Library through remote web access.</p> <p>Strengthen the relationship between Milwaukee Public Library and the Milwaukee Public Library Foundation.</p> <p>Continue initiatives to increase the number and use of library cards.</p> <p>Provide computer training for the public at all libraries and train staff in computer technology and customer service.</p> <p>Complete construction of the new Finney Library.</p> <p>Increase public awareness of reciprocal borrowing issues by education, collection enhancement, and neighborhood facility renovations.</p> <p>Enhance the bookmobile program to provide service to CDBG target areas with 2001 CDBG reprogramming funds.</p>

BACKGROUND

The Milwaukee Public Library System, the largest public library system in the State of Wisconsin, consists of the Central Library and 12 neighborhood libraries located throughout the city. The Central Library serves as the resource library for the Milwaukee County Federated Library System (MCFLS). Milwaukee Public Library also serves as the administrator and headquarters for the Wisconsin Regional Library for the Blind and Physically Handicapped.

The Library operates a computer network system that gives patrons access to numerous databases through CD-ROM and the Internet. The Library currently offers a collection of over 2.5 million volumes, as well

as over 1 million government documents, 183,000 maps, 6,400 periodicals, 73,000 audio and visual materials, and numerous archival collections.

In addition, each neighborhood library offers balanced collections and programs which are of particular interest to the residents living in the library's neighborhood. Examples include job and career centers, adult literacy collections, business development resources, and cultural resources. The Library's 2002 budget totals \$21,461,849. In addition, the Library will receive over \$1,000,000 in grant funding and \$3,415,000 in capital funding.

OBJECTIVE 1

Respond to the informational needs of the city's diverse population by increasing the number of library cardholders, computer use, and visits.

OUTCOME HISTORY

The number of visits per capita and size of collection per capita have been steadily increasing since 1996 (see Figure 1). The trend over the past five years has seen a slight decline in the other two measures of reference transactions and use of materials. It is likely that the decrease in these numbers is due to the high level of computer usage and the expanded access to the Milwaukee Public Library via the Internet.

The use of computer technology continues to expand. In 2000, the public used 451,776 hours of computer time, a 168% increase over 1996 usage (see Figure 2). Based on this use, the Library projects 475,000 hours of use in 2002. Between 1998 and 2000, the Milwaukee Public Library used grants from the Gates Library Foundation, TEACH Wisconsin, and Forest County Potawatomi Community Foundation to equip computer labs and buy computers for the Central, Center Street, Forest Home, Martin Luther King, Atkinson, Bay View, East, Finney, Mill Road, and Villard libraries. In 2002, the Library will continue to target communities with 10% or more of its service population below the poverty rate for improved services and resources.

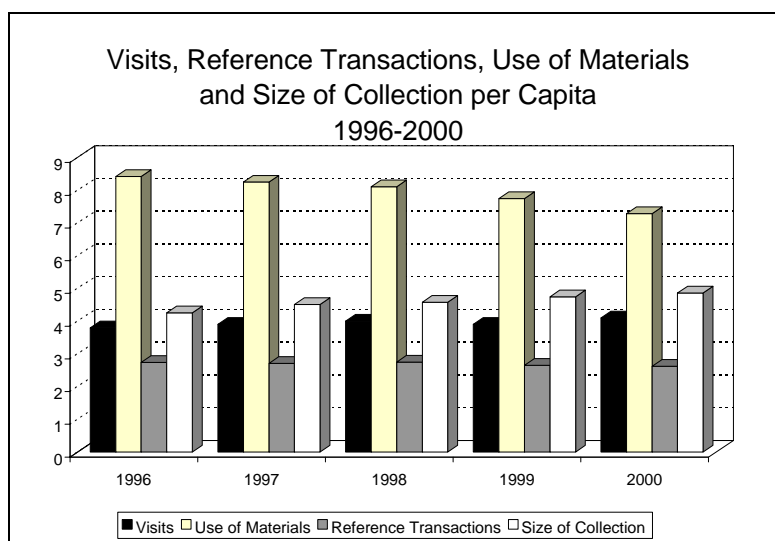
At the Central Library in downtown Milwaukee, participation in library programs increased 118% since 1996. The increase follows the renovation of the first two floors of the library. In 2002, Central expects continued increase in the use of the in-house facilities resulting from the recently completed renovations in the Art and Music, Business and Science, and Periodicals Libraries.

PROGRAM CHANGES

Service to Youth with Learning Disabilities: Through a new grant from the State of Wisconsin Department of Public Instruction, the Library will collaborate with Milwaukee Public Schools and other

Outcome Indicators and Funding			
	2000 Experience	2001 Budget	2002 Projection
Library card holders per capita.	0.56	0.54	0.58
Computer hours.	451,776	410,000	475,000
Visits per capita.	4.1	4.1	4.3
Funding by Source:			
Operating Funds	\$21,085,034	\$20,480,576	\$21,461,849
Grant and Reimbursable	961,664	926,005	1,054,731
Capital Budget	2,620,568	3,460,000	3,415,000
Total:	\$24,667,266	\$24,866,581	\$25,931,580

Figure 1



community youth-serving agencies to improve public library service to Milwaukee children with learning disabilities. The \$21,000 grant will provide training for library personnel, purchase new adaptive technology and collection materials, and fund marketing efforts.

Technology Improvements: In 1999, the Library began a computer replacement schedule. Using funds from the Milwaukee Public Library Foundation, Technology for Education Achievement in Wisconsin (TEACH), and the Federal E-Rate Communications Commission (FCC), the Library established a four-year replacement cycle to maintain and improve its 600 computers and purchase an additional 135 computers. In 2000, the Library further established a three-year replacement cycle for public computers and a four-year replacement cycle for staff computers. The 2002 budget includes \$252,000 for computer replacement.

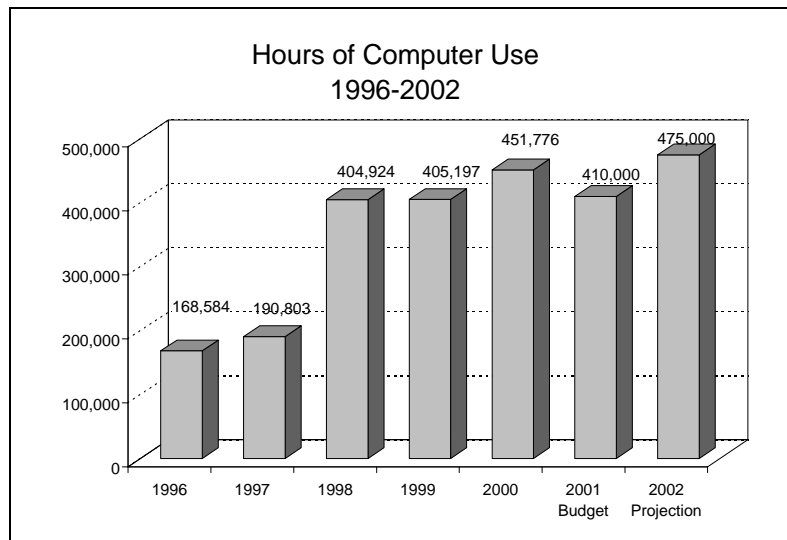
In 2002, the Milwaukee Public Library may need to install Internet filtering software on all of the computers in its network. This change results from a new federal law, the Children's Internet Protection Act, that mandates the software for any library receiving federal funds.

Reciprocal Borrowing: The Library has entered into a new four-year contract with the Milwaukee County Federated Library System (MCFLS). The new agreement revised the formula used to determine reciprocal borrowing payments in a manner that decreased the City of Milwaukee's payment over the term of the contract. The 2002 Library budget includes \$758,542 in reciprocal borrowing funding, a decrease of nearly \$400,000 from the 2001 budget. The amount was decreased to reflect the decision of three suburban libraries, West Allis, Wauwatosa and Greenfield not to sign the new member contract by the October, 1st deadline. An additional \$420,000 was placed in the Contingent Fund for purposes of paying these libraries should the need arise. Residents currently using those suburban libraries who do not continue their MCFLS membership will be able to use a nearby Milwaukee Public Library instead. The Milwaukee Public Library will also remain committed to public education, capital, technological, and collection improvements aimed at making the city's libraries more comfortable, aesthetically pleasing, and useful.

Inter-Library Loan Services Grant: The Library will again receive grant awards from the Milwaukee County Federated Library System and the State Department of Public Instruction in the amount of \$99,411. These grants pay for loans made to libraries outside of Milwaukee County by the Milwaukee Public Library and requests from MCFLS members for materials not owned by the system.

Milwaukee Public Library Foundation: The Milwaukee Public Library Foundation was created originally to provide private financial support for the Milwaukee Public Library over and above taxpayer support. This relationship has helped the city to further strengthen the MPL system. In 2002, MPL and the Milwaukee Public Library Foundation will work together to strengthen their partnership. The two entities will enter into a revised five-year agreement that will increase the Foundation's annual support for programs and materials. This new commitment will be in addition to MPL's support for capital

Figure 2



projects and endowments. The city agrees to maintain its current level of Library funding, with increases sufficient to offset inflation, and the Mayor will make his statutory appointments to the MPL Board of Trustees from candidates recommended by the Foundation. The city and the Library Foundation will also collaborate to implement earned revenue projects, with net income going to the Library Foundation for the benefit of MPL.

Neighborhood Librarian Staff: Beginning in 2002, the neighborhood library division will change the staff make-up at the neighborhood library branches. Each branch is currently staffed with a Branch Manager and three other Librarians, in addition to various clerical staff. Instead of three Librarians, the branches will eventually be staffed with two Librarians and one para-professional staff member, a Library Services Assistant, who will perform the duties of the third Librarian. This program will be phased in at three branches in 2002, and will result in a salary savings of approximately \$28,000.

Bookmobile Links Communities and Technology: The Public Library's Bookmobile service will be enhanced in 2002 to provide public access to the Internet beginning in January. The new service will be provided over a three-week schedule to numerous locations near community organizations and public schools located in Neighborhood Strategic Planning Areas of the City. Community organizations include the YMCA, the YWCA, the Boys and Girls Clubs, Milwaukee Public Schools and others. This enhanced program will provide direct access to educational technology for children and adults in disadvantaged areas. In addition, the new program will continue to

offer access to books, videos and other recreational and educational resources. The service will be funded using 2001 Community Development Block Grant reprogramming funds. Service to non-CDBG

eligible residential stops will be continued through a tax levy supplement to the program. Service to day-care centers, senior centers and nursing homes will be retained through the van service.

CAPITAL BUDGET

The Milwaukee Public Library will receive \$3,415,000 in 2002 for capital projects. A portion of this money, \$320,000, will be used for ongoing improvements and remodeling of the Central Library. The project to renovate the Wells Street entrance to the Central Library to improve public access and the connection between the Museum and the Library will also be completed in 2002. Additional improvements amounting to \$210,000 will be made to the roof of Villard Library as well as other public access improvements to other neighborhood library branches. Lastly, the Library will conduct a space needs and remodeling study for the third floor of the Central Library for \$175,000. A portion of the remodeling, a space used for the computer servers and staff, will be

completed in 2002. Other remodeling will occur in 2003.

The remainder of the capital budget, \$2,710,000, will be used for the second phase of constructing the new Finney Library. The initial planning and design of the new building was done throughout 2001, with an expected groundbreaking in early spring of 2002. Once the new building is finished, the existing Finney Library will be turned over to the Milwaukee Public School system for renovation as they begin construction on a new neighborhood school. In future years, the Library will continue renovations of the remaining neighborhood libraries - Villard, East, Mill Road, and Tippecanoe.

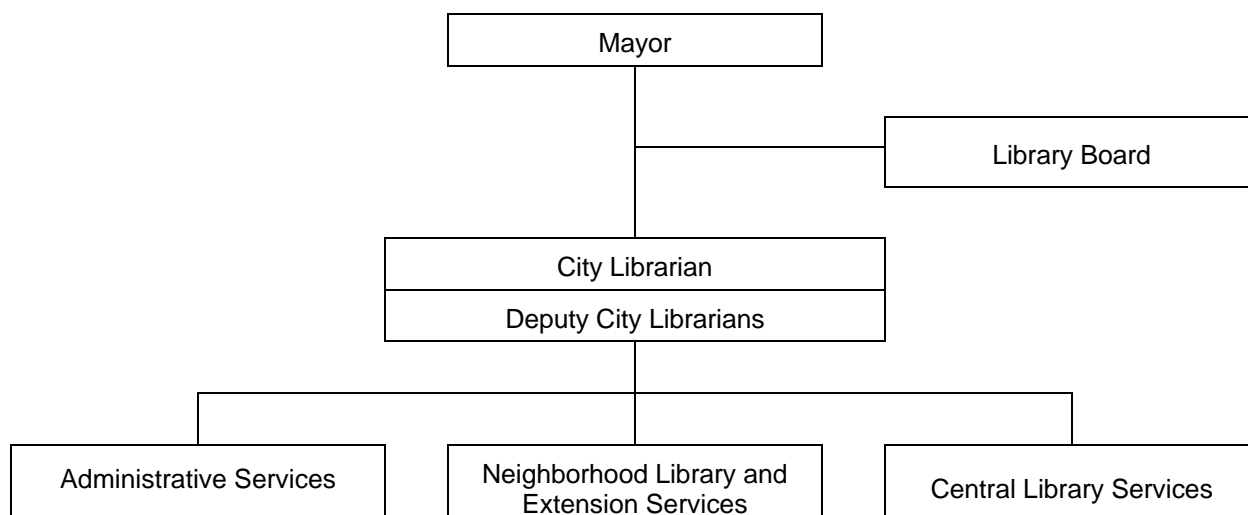
BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	313.63	350.65	353.75	3.10
FTEs - Other	27.93	21.07	27.03	5.96
Total Positions Authorized	446	447	449	2
DLH - Operations and Maintenance	564,533	627,632	636,750	9,118
DLH - Other Funds	50,268	35,400	48,654	13,254
EXPENDITURES				
Salaries and Wages	\$11,696,787	\$10,988,921	\$12,100,300	\$1,111,379
Fringe Benefits	3,502,453	3,625,494	4,114,102	488,608
Operating Expenditures	2,057,990	2,052,731	2,051,298	-1,433
Equipment	2,701,200	2,667,430	2,437,607	-229,823
Special Funds	<u>1,126,604</u>	<u>1,146,000</u>	<u>758,542</u>	<u>-387,458</u>
TOTAL	\$21,085,034	\$20,480,576	\$21,461,849	\$981,273
REVENUES				
Charges for Services	<u>\$2,320,856</u>	<u>\$2,125,082</u>	<u>\$2,261,200</u>	<u>\$136,118</u>
TOTAL	\$2,320,856	\$2,125,082	\$2,261,200	\$136,118

CAPITAL PROJECTS - Includes \$3,415,000 for the following projects:

- Central Library Improvements Fund - \$320,000
- Neighborhood Library Improvements - \$210,000
- New Finney Library - \$2,710,000
- Central Library Remodeling - \$175,000

ORGANIZATION CHART



DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
Library Administration Services Decision Unit			
0	3.37	Library Computer Service Aide (Non-Operating Funding \$45,000)	Increase in funding from TEACH Project Implementation Services Grant.
-1	-1.00	Heating and Ventilating Mechanic III (Operating Funding \$-37,791)	Position reclassifications during 2001.
1	1.00	Facilities Control Specialist (Operating Funding \$48,980)	
-1	-1.00	Customer Service Representative II (Operating Funding \$-29,049)	
1	1.00	Network Analyst Assistant (Operating Funding \$41,024)	
-1	-1.00	Network Manager (Operating Funding \$-53,891)	
1	1.00	Network Manager (Operating Funding \$58,134)	
1	0.56	Information Technology Intern (Operating Funding \$12,470)	Increased service demands.

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
1	0.75 0.25	Librarian III (I) (Operating Funding \$24,146) (Non-Operating Funding \$8,049)	Transfer of position from the Central Library Decision Unit and partially funded through the TEACH Project Implementation Services Grant.
0	2.17	Miscellaneous (Operating Funding \$0)	Refinement of FTE calculation.
Neighborhood Libraries and Extension Services			
0	-0.59 0.59	Library Services Assistant (Operating Funding \$-30,333) (Non-Operating Funding \$30,333)	Shift of bookmobile service to CDBG funding.
0	-0.59 0.59	Library Circulation Assistant II (Operating Funding \$-30,585) (Non-Operating Funding \$30,585)	
1	-0.17 1.17	Bookmobile Operator (Operating Funding \$-38,000) (Non-Operating Funding \$72,272)	
-1	-1.00	Program Assistant II (Operating Funding \$-32,521)	Position reclassification in 2001.
1	1.00	Office Assistant IV (Operating Funding \$29,762)	
-2	-2.00	Librarian II (Operating Funding \$-71,319)	Change in Librarian staffing levels at neighborhood branches.
-1	-1.00	Librarian III (Operating Funding \$-41,196)	
3	3.00	Library Services Assistant (Operating Funding \$88,803)	
0	-0.36	Miscellaneous (Operating Funding \$0)	Refinement of FTE calculation.
Central Library Decision Unit			
-1	-1.00	Librarian III (Operating Funding \$-41,765)	Transfer to Administrative Services.
0	2.32	Miscellaneous (Operating Funding \$0)	Refinement of FTE calculation.
2.00	9.06	TOTAL	

MAYOR'S OFFICE

EXECUTIVE SUMMARY

MISSION:	To enable the citizens of Milwaukee to prosper and achieve a high quality of life and to allow the city to serve as the economic, social, and cultural hub of the metropolitan area by effectively managing city government, providing community leadership, and advancing Milwaukee's interests with other governments.
STRATEGIC ISSUES:	Ensure that the services the city delivers add value to the lives of Milwaukee residents. Maintain and improve citizen satisfaction with city services, especially safety. Maintain equitable and effective funding relationships with other levels of government.
INITIATIVES FOR 2002:	Provide leadership and support to city departments in pursuing the city's goals and objectives as outlined in the strategic plan and budget. Continue implementation of the COMPASS Project. Continue coordination of Milwaukee Asset Building Coalition's efforts to support low-income families.

BACKGROUND

The Mayor of Milwaukee is elected to a four-year term and acts as the city's Chief Executive Officer and representative of the citizens of the city. In this capacity, the Mayor's Office provides a leadership role in establishing priorities, coordinating the implementation of programs, and when necessary, providing crisis management. The managers of all the city's major service-delivery agencies (with the exception of the Fire and Police Chiefs and other elected officials) are appointed by and are directly accountable to the Mayor.

The Mayor's vision for the city helps shape and is incorporated in the city's strategic plan. The plan in turn is the guide or direction for the activities of the rest of the administration. The city's strategic vision focuses on allowing private markets to work and on giving residents the opportunity to succeed in those markets (either as entrepreneurs or consumers) by taking from them less money in taxes and leaving them with greater disposable incomes. By creating a strong vibrant city with family-supporting jobs, strong neighborhoods, and attractive recreation opportunities, Milwaukee adds value to the lives of all its residents.

OBJECTIVE 1

Provide leadership strategies, formulate, support, and implement policies and initiatives which lower city residents' tax burden, and ensure that residents receive added value for the tax dollars they do pay as measured by maintaining a city tax rate of no more than 122.9% of the metropolitan area average in 2002.

OUTCOME HISTORY

Ongoing control over city spending and continued efficiencies in government allowed Milwaukee in 1998 to achieve for the first time its goal of having a tax rate less than 120% of the metropolitan area average.

Figure 1 illustrates Milwaukee's progress in reducing its tax rate relative to other taxing jurisdictions in the metropolitan area. Fluctuations in year-to-year rates may result from differences in the timing of re-assessments and the rate of growth in value between Milwaukee and other communities. For 2002, estimates suggest that the city will maintain a tax rate at approximately 122.9% of the metropolitan average.

Continued reductions in Milwaukee's tax rate compared to the metropolitan area average may prove a sterner challenge in the future. Milwaukee's largest single source of revenue, state aids, continues to grow at a rate less than inflation. In 2000, state aids actually decreased by over \$7.8 million or \$4.4% in inflation adjusted terms from 1999 funding levels. In addition, many of the city's general fund revenue sources have failed to grow at a rate sufficient to offset operating costs.

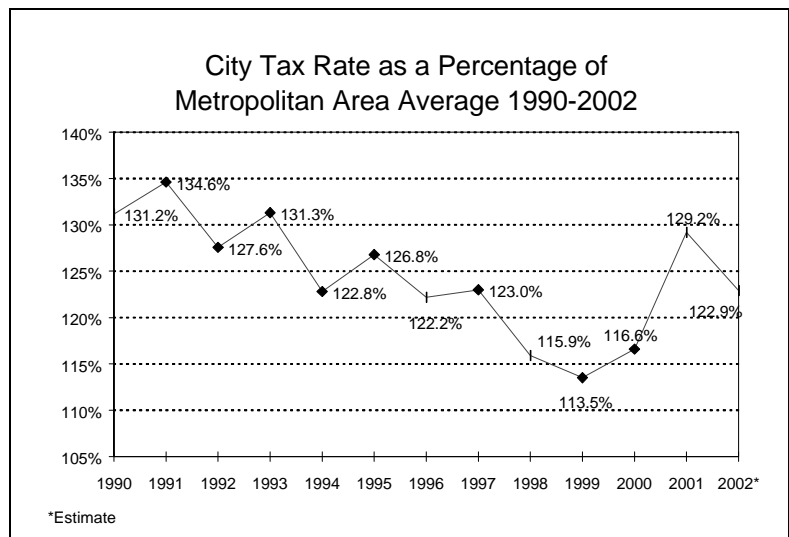
One significant change in this area is the removal of the freeze on the State Revenue Sharing Program. This program had been frozen between 1995 and 2001. The 2001-2003 State of Wisconsin Biennial Budget not only removes the freeze but also increases the payment to municipalities by 1% in 2002 and 2003. The State Budget also increases Expenditure Restraint Program payments by 1% annually in 2002 and 2003. Revenue from these two programs increases by \$4.6 million in 2002.

While increased state aids will help to maintain a low tax rate, Milwaukee still faces a challenge in increasing its general fund revenues at a rate sufficient to offset increases in operating costs. The city remains committed to controlling costs by finding more efficient ways to provide services and diversifying its revenue sources. This strategy will enable Milwaukee to reduce the tax rate gap between itself and its neighbors. The Mayor's Office proposes to allocate \$268,359 towards this objective in 2002.

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
City tax rate as a percent of the metro area average.	116.6%	129.2%	122.9%
Funding by Source:			
Operating Funds	\$243,937	\$237,848	\$247,240
Grant and Reimbursable	0	0	21,119
Total:	\$243,937	\$237,848	\$268,359

Figure 1



ACTIVITIES

- Budget coordination and planning
- Strategic planning

PROGRAM CHANGES

Program Result Measures: The Mayor's Office, in conjunction with the Budget Office, will continue its efforts to shift the focus of funding decisions from inputs to outcomes. New program result measures will aid departments in assessing their performance in meeting departmental and citywide strategic objectives. In order to provide a citywide perspective, departments will routinely report their progress toward achieving objectives as part of the city's strategic planning efforts.

OBJECTIVE 2

Continue to make Milwaukee an even more desirable place to live, work, play, and do business by strengthening Milwaukee's key attributes:

- **Dynamic and accessible markets gainfully employing citizens;**
- **Safe, strong, and beautiful neighborhoods; and**
- **Recreational opportunities and a flourishing culture.**

Progress is measured by the percentage of residents surveyed who say their neighborhood is the same or getting better, projected to be 75% in 2002.

OUTCOME HISTORY

Improving Milwaukee's neighborhoods has been a major focus of the Mayor's Office. In recent years, Mayoral initiatives, including creating the Department of Neighborhood Services and dedicating more Police Officers to quality of life efforts, have sought to improve life in Milwaukee's neighborhoods. In 2002, the Mayor's Office estimates that 75% of surveyed residents will state that their neighborhood is the same or getting better. The Mayor's Office proposes to allocate \$1,073,438 to this objective in 2002, including \$988,960 in operating funding.

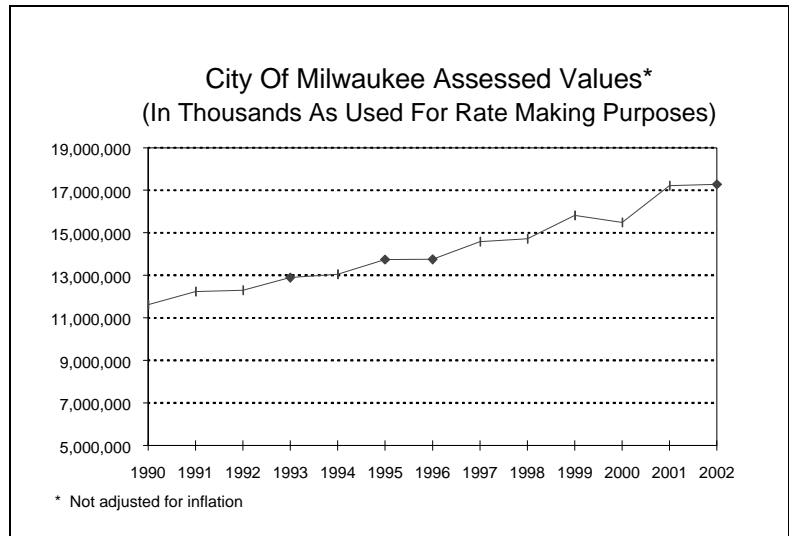
In a city committed to supporting strong markets, no measure more accurately captures citizens' satisfaction with their city than the value of city property. The buying and selling of property marks the ultimate vote of confidence in a city and its government. Property values represent residents making decisions with their hard-earned incomes on whether the city offers a good return for their tax dollars.

As Milwaukee becomes a more desirable place to live, work, and do business, the demand for property increases. This increase in demand for limited city property causes prices or values to rise. Figure 2 shows the overall marked upward trend in city property values.

In 2000, city's assessed value decreased slightly (-2%) from 1999 levels. This decrease, however, reflects

Outcome Indicators and Funding			
	2000 Experience	2001 Budget	2002 Projection
Percent of residents surveyed who say neighborhood is same or getting better.	73.0% (1999)	75.0%	75.0%
Funding by Source:			
Operating Funds	\$975,750	\$960,432	\$988,960
Grant and Reimbursable	0	0	84,478
Total:	\$975,750	\$960,432	\$1,073,438

Figure 2



state legislation that exempted computer equipment from property value calculations, reducing the city's assessed value by approximately \$295 million in 2000. For 2002, the city's assessed value rose by 0.37%. In addition, 99.3% of the city's assessment areas saw property value growth above the rate of inflation. This data illustrates that property values are becoming stronger across all of the city's neighborhoods.

The Mayor and his staff add value to the city by working closely with other elected city officials and department heads to develop new strategies, policies, and programs that improve or maintain the strength of neighborhoods and the city economy. These improvements often result from simply listening and responding to the suggestions of constituents, labor unions, community-based organizations, and business groups. Individual requests for service are also answered either by Mayoral staff or through appropriate representatives.

The Mayor's Office, as part of its leadership role, also serves as the principal advocate for the city at the local, state, and national levels. In the role of citizen representative, the Mayor and his staff work to ensure that citizens and interested parties are accurately informed of city activities, programs, and policies through the media, public meetings, newsletters, and other activities.

ACTIVITIES

- Constituent relations
- Intergovernmental relations
- Intragovernment coordination
- Strategic planning
- Public information
- Private-sector liaison

PROGRAM CHANGES

COMPASS Project: The Mayor's Office is implementing a COMPASS project funded by the United States Department of Justice. COMPASS stands for Community Mapping, Planning and Analysis for Safety Strategies. The COMPASS Project will develop a database and GIS application that will integrate data from multiple departments. The project will also establish protocols for sharing information and protecting confidentiality and security, including

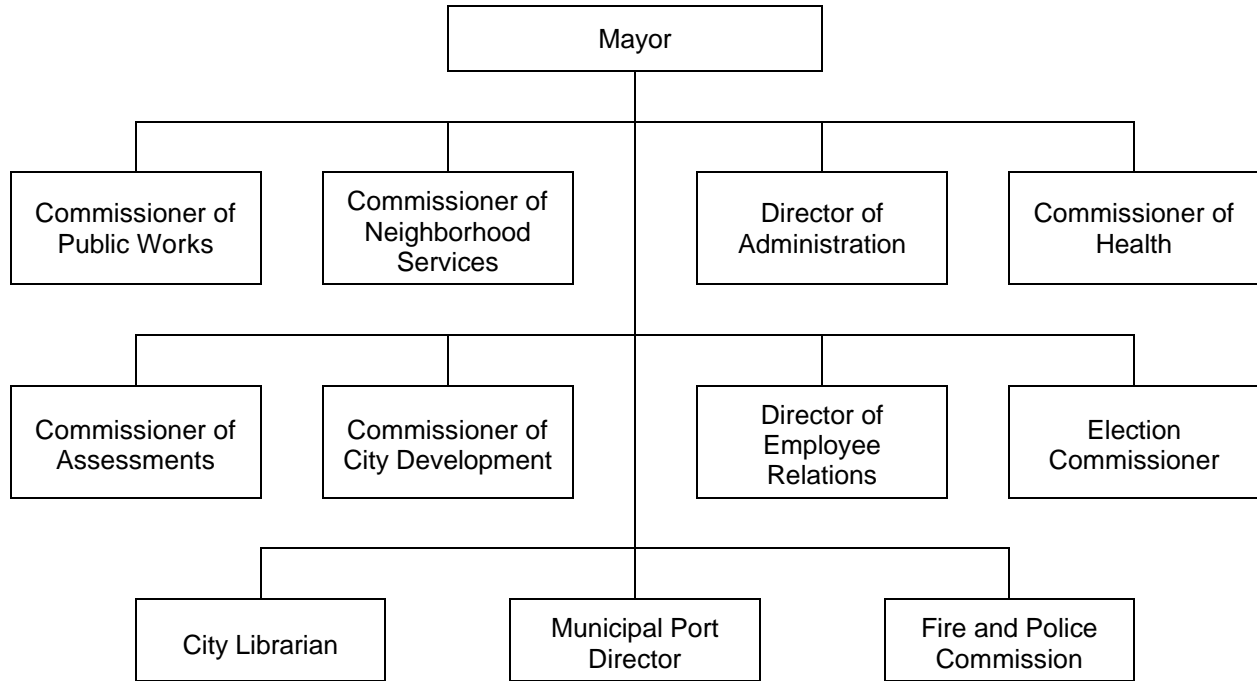
regulated community access through the World Wide Web. Total grant funding for 2002 is \$105,597, including funds for a full-time COMPASS Project Policy Director. This grant provided \$106,332 in grant funding in 2001. This project will assist the Mayor's Office in implementing the City Strategic Plan, by understanding trends in the environment, measuring progress toward established goals and objectives, and creating an institutional framework and data infrastructure to support these efforts.

Milwaukee Asset Building Coalition: The Mayor's Office is working with the Milwaukee Asset Building Coalition (MABC) to support low-income families. MABC is a community initiative to empower Milwaukee residents to move beyond poverty. Several public and private institutions are collaborating in this effort. The Mayor's Office is coordinating media, public relations and community partnership efforts, including recruiting community and corporate leaders to promote MABC's goals and to provide information to Milwaukee families. The goal of the MABC initiative is to help families build assets, provide financial literacy training, and help families move beyond poverty.

Position Changes: The 2002 budget reduces funding for two Staff Assistant to the Mayor positions to reflect part-time staffing of these positions.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	15.79	15.78	14.78	-1.00
FTEs - Other	0.00	0.00	1.00	1.00
Total Positions Authorized	22	22	23	1
DLH - Operations and Maintenance	28,425	29,439	26,604	-2,835
DLH - Other Funds	0	0	1,800	1,800
EXPENDITURES				
Salaries and Wages	\$883,074	\$863,328	\$885,085	\$21,757
Fringe Benefits	281,739	284,898	300,929	16,031
Operating Expenditures	47,636	50,054	50,186	132
Equipment	7,238	0	0	0
Special Funds	0	0	0	0
TOTAL	\$1,219,687	\$1,198,280	\$1,236,200	\$37,920
CAPITAL PROJECTS - None				

ORGANIZATION CHART**DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES**

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
1	1.00	COMPASS Project Policy Director (Non-Operating Funding \$74,207)	Position funded through COMPASS grant.
0	-0.47	Staff Assistant to the Mayor (Operating Funding \$-14,820)	Position funding reduced to reflect part-time staff.
0	-0.25	Staff Assistant to the Mayor (Operating Funding \$-11,078)	
0	-0.28	Various positions	Miscellaneous experience adjustments.
1	0.00	TOTAL	

NEIGHBORHOOD SERVICES

EXECUTIVE SUMMARY

MISSION:	To enhance Milwaukee's competitive advantage as a vibrant urban community. To work in cooperation with public and private partnerships and neighborhood residents to promote investment and improve the physical, environmental, and aesthetic conditions of Milwaukee's neighborhoods.
STRATEGIC ISSUES:	<p>Develop a culture that is customer friendly, responsive, efficient, and visionary with regard to neighborhood service delivery and regulatory enforcement.</p> <p>Protect the city's environmental quality and building stock through education and enforcement of safety, health, property use, and maintenance regulations.</p> <p>Strengthen and stabilize neighborhoods through programs that leverage greater private sector investment in housing and neighborhoods.</p>
INITIATIVES FOR 2002:	<p>In cooperation with the Solid Waste Fund, continue the Neighborhood Clean-Up Program and expand the Special Pick-Ups Program.</p> <p>Continue to improve the litter nuisance abatement process by developing alternatives to shorten the time between the initial complaint and the final abatement by the contractor and by developing strategies to obtain owner compliance without Department of Neighborhood Services contractor intervention.</p> <p>Expand the pilot program of community-based programs distributing voluntary compliance notices.</p> <p>Implement, monitor, and evaluate the newly enacted façade ordinance for high-rise structures and noise ordinance for rental property.</p> <p>Develop inspection checklists to assist in the implementation of newly revised state commercial building codes as it impacts construction projects in the city.</p>

BACKGROUND

The Department of Neighborhood Services (DNS) was created in 1999 as a response to resident concerns that city responses to neighborhood problems had been fragmented, ineffective, and slow. In order to address these concerns, a variety of city programs were consolidated to create DNS. The department includes most of the positions formerly within the Department of Building Inspection (BI), the Asbestos Program and the Vector Nuisance Program from the Health Department's Bureau of Consumer Protection and Environmental Health, and the Department of City Development's Housing and Neighborhood Development Division.

The primary role of the department is to improve city neighborhoods by enforcing standards for buildings, property, and land use. These standards help protect the safety and health of residents and ensure neighborhood stability. The department uses its enforcement, financial, and educational resources to encourage investment in housing and other buildings. DNS also provides support to the city's Standards and Appeals Board, as well as the Electrical Licensing and Examining Committee, and the Neighborhood Improvement Development Corporation (NIDC).

OBJECTIVE 1

Improve the appearance of neighborhoods as measured by more than 80% of assessment areas experiencing growth in property values greater than the rate of inflation.

OUTCOME HISTORY

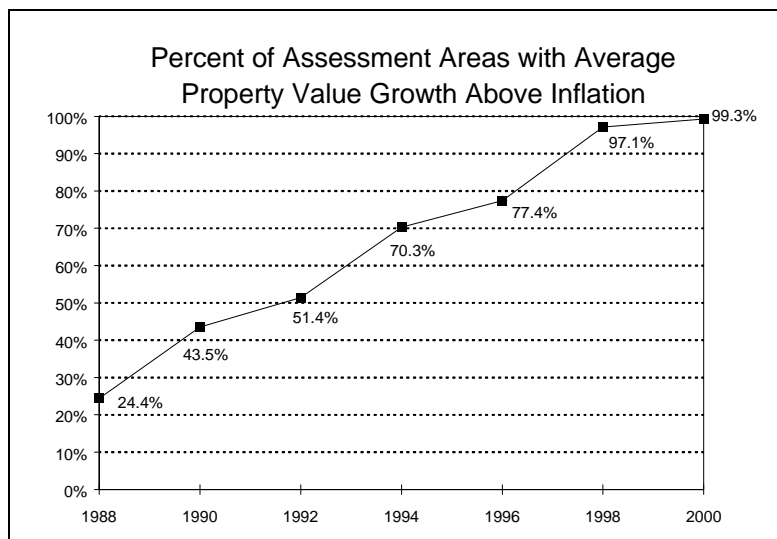
One strong indicator of how neighborhoods are faring is trends in property values. Neighborhoods with the most desirable characteristics will increase in value most quickly, while less desirable places with code violations, such as widespread graffiti, peeling paint, or buildings with a variety of structural problems, will experience declining property values. Property value captures the effects of myriad, interrelated variables: from measurable trends in crime rates, graffiti, building maintenance and home ownership, to intangibles such as neighborhood cohesiveness and a sense of community. Although property values are affected by many factors not under city control, such as interest rates and economic conditions, knowledge about trends in assessed value can help the city develop more effective strategies for neighborhood improvement.

Figure 1 shows that in aggregate, Milwaukee has made significant progress over the past ten years in improving neighborhood property values. In the 1988 assessment, only 24% of assessment areas had average property values that grew faster than the inflation rate. However, in the 2000 assessment, over 99% of areas had value growth that exceeded the inflation rate. DNS' 2002 goal is to maintain this trend so that 80% or more of the city's assessment areas will continue to grow faster than the inflation rate.

In 2002, the Department of Neighborhood Services will dedicate \$7,569,744 in operating funds to the objective of improving the appearance of neighborhoods. In addition, approximately \$9.36 million in capital, special purpose account, and grant and reimbursable funding will be applied toward this objective.

Since its creation, DNS has worked diligently to make improvements and increase efficiency in a variety of efforts that help improve the appearance of neigh-

Outcome Indicators and Funding			
	2000 Experience	2001 Budget	2002 Projection
Percent of assessment areas with average property value growth higher than inflation.	99.3%	77.4%	80.0%
Funding by Source:			
Operating Funds	\$6,791,309	\$7,142,958	\$7,569,744
Grant and Reimbursable	4,967,641	5,718,076	5,998,829
Capital Budget	800,592	1,002,780	1,533,990
Special Purpose Accts.	2,223,434	2,220,000	1,830,605
Total:	\$14,782,976	\$16,083,814	\$16,933,168

Figure 1

borhoods, such as litter citation, towing of abandoned autos, residential and commercial building code enforcement, and the provision of housing resource programs to city residents. In 2002, DNS will continue to develop and implement strategies to improve the operations of the department to enhance the appearance of the city's neighborhoods.

PROGRAMS AND ACTIVITIES

- Housing and building inspections including:
 - Litter and vector
 - Building maintenance
 - Nuisance auto
 - Graffiti
 - Waste tires
 - Asbestos
 - Ordinance-required inspections (i.e., laundromats, massage parlors, rooming houses)

- Housing resource programs (CDA/HUD)
 - Neighborhood Improvement Program (NIP)
 - Rehabilitation loans
 - Closing cost assistance
 - Target Investment Neighborhood (TIN)
 - Development of infill housing
- Certificate of Code Compliance Program
- Condemnation and demolition
- Public nuisance cases
- Resident and owner education programs
- Vacant lot maintenance

DNS PROCESS IMPROVEMENTS

Litter Clean-Up Procedures: DNS has made a number of noteworthy improvements related to the effectiveness of the litter program. In cooperation with the Solid Waste Fund, the department has been able to streamline clean-up order procedures, resulting in greater efficiency while reducing costs. In 2001, DNS began contracting with the Solid Waste Fund to conduct nuisance litter pick-ups using skid loaders in selected areas. This initiative has assisted DNS in its efforts to decrease the average time between complaints and resolution of litter nuisance property violations. In 2002, DNS will continue to develop new strategies for gaining greater efficiency in its litter clean-up procedures.

Neighborhood Clean-Up Initiative: In 2002, DNS will continue the Neighborhood Clean-Up Program developed in 2001 in cooperation with the Solid Waste Fund. This program will be funded through the Neighborhood Clean-Up Initiative special purpose account totaling \$70,000, to provide one targeted clean up per aldermadic district. In 2001, a total of 17 clean-ups were conducted throughout the city. Through this program, the Department of Neighborhood Services and the Department of Public Works Operations Division Sanitation Section will continue to work with the aldermen and community groups to identify areas targeted for clean-up for 2002.

Nuisance Vehicle Removal: DNS has worked to improve the internal procedures and timelines associated with the removal of abandoned autos on private property. By posting an early warning sticker on abandoned autos to notify property owners that the vehicle must be removed, the time allowed for the property and vehicle owners to comply is shortened by one week. In conjunction with the early warning

sticker, DNS has begun to contact non-compliant vehicle owners prior to the vehicle being towed to provide a last chance for compliance. These efforts have resulted in a decrease in the amount of time it takes to remove nuisance vehicles from 90 days to an average of 20 days. In addition, due to increasing compliance, the number of nuisance vehicles that have needed to be towed has decreased from 1,064 vehicles towed in 2000 to an anticipated 725 vehicles towed during 2001. In 2002, DNS will continue to work on further reducing the amount of time that it takes to tow nuisance vehicles as well as increasing compliance on nuisance vehicle orders issued.

Ordinance Changes: DNS has taken a proactive approach to developing new ordinances relating to nuisance behaviors and illegal activities that disrupt neighborhoods. In 2000, DNS worked with the Milwaukee Police Department (MPD) and the City Attorney to develop a new nuisance noise ordinance. To date, out of the 200 cases initiated by the MPD under this ordinance, the recidivism rate has only been 3%. As a result of the success of the noise ordinance, DNS also initiated the Chronic Nuisance Property Code. This code is used as a tool by police to encourage property owners to take steps in order to prevent the reoccurrence of 20 types of nuisance behaviors, ranging from drug sales to shots fired to barking dogs. The MPD is currently in the process of implementing the new code and encouraging results are expected for 2002. DNS has also proposed a new ordinance, which requires a review period for the issuance of a new occupancy certificate when the occupancy permit on a property had previously been revoked as a result of illegal activity on the property. The result of this ordinance is expected to be a decrease in illegal activities occurring on properties and disrupting neighborhoods.

UWM Collaboration: DNS and the University of Wisconsin-Milwaukee (UWM) have been collaborating on several levels. In the area of code enforcement, DNS and the UWM-School of Architecture and Urban Planning (SARUP) are jointly sponsoring an Intern position in 2002. This Intern will work with neighborhood residents and property owners in an attempt to reduce code violations and nuisance problems prior to having to resort to formal enforcement techniques. In the area of housing production, DNS and NIDC are also working with SARUP on a demonstration project relating to the development of energy efficient affordable housing within the city.

Milwaukee Area Domestic Animal Control Commission (MADACC): MADACC opened for business on August 1, 1999. This intergovernmental entity is responsible for the handling and holding of stray, running at large, and quarantined domestic animals. These services were previously provided by the Wisconsin Humane Society (WHS). In its first year of operation, MADACC handled a total of 12,963 animals throughout the county, with 31% of the animals being transferred to the Wisconsin Humane Society for adoption. In 2002, DNS will continue to work on a number of issues related to the licensing of domestic animals with the other 18 municipalities that are part of MADACC. DNS will also work on developing regulations to control the possession of exotic animals. The Department of Neighborhood Services budget includes \$1.43 million for animal control services.

PROGRAM CHANGES

Grant Programs: In 2002, DNS will implement a new Community Development Block Grant funded program called the Targeted Enforcement Program. This program includes funding for four positions of Special Enforcement Inspector, one Customer Service Representative II, and two Code Enforcement Interns. As a result, three operating funded positions of Special Enforcement Inspector will be eliminated, as they are transferred into the grant program. The new program combines the efforts of the City of Milwaukee and community-based organizations to improve

properties within the city's Neighborhood Strategic Planning areas. The focus of the program will be to leverage resources and increase community involvement in the city's neighborhood improvement efforts. In particular, the city will conduct housing stock surveys in cooperation with community-based organizations. The city will also collaborate with the Milwaukee Police Department on improving nuisance properties such as drug houses.

Certificate of Code Compliance Program: Within specified designated reinvestment areas throughout the city, a Certificate of Code Compliance must be obtained when a one or two family-residential property changes ownership prior to the new owner occupying or renting the property. A Certificate of Code Compliance is obtained by having DNS conduct an interior and exterior inspection of the property for building code violations. The Certificate of Code Compliance requirement protects buyers against unsatisfactory housing conditions, preserves the existing housing stock in the city, and prevents further deterioration of residential property resulting from property value depreciation in the neighborhood.

Position Changes: In 2002, DNS will add position authority for one Nuisance Control Officer II position and three positions of Special Enforcement Inspector as unfunded auxiliary positions. The total savings from these changes will be approximately \$31,790 in operating funds.

OBJECTIVE 2

Maintain the city's three-year public structure fire incident rate at or below the national average of 0.87 fires per thousand.

OUTCOME HISTORY

A number of DNS' activities and programs are focused on creating safer Milwaukee buildings by reducing the risk of fire. DNS inspects buildings for appropriate fire exits and firewalls, inspects electrical modifications to insure that they are installed properly, and conducts periodic fire and sprinkler inspections of commercial buildings and apartment complexes, in order to create safer buildings. The 2002 budget includes a total of \$6.7 million to meet the goal of this objective.

Outcome Indicators and Funding			
	2000 Experience	2001 Budget	2002 Projection
Three-year average public fire incident rate per 1,000 residents.	0.48	0.52	0.44
Funding by Source:			
Operating Funds	\$5,785,191	\$4,745,670	\$5,250,646
Capital Budget	681,986	854,220	1,416,000
Total:	\$6,467,177	\$5,599,890	\$6,666,646

While other city department activities also influence Milwaukee's fire incident rate, work conducted formerly by Building Inspection and the Health De-

partment has contributed to the 23% reduction in the number of fires in public buildings from 1992 through 1999 (see Figure 2). In addition, the City of Milwaukee has consistently maintained its three-year average public fire incident rate well below the national average (see Figure 3). This is particularly noteworthy due to the aging building stock in Milwaukee. Although the national fire statistics for the year 2000 will not be available until later this year, the city expects that its 1998 through 2000 fire incident rate will also rank well below the national average.

PROGRAMS AND ACTIVITIES

- Permit inspections
 - Construction
 - Electrical
 - Heating, HVAC, boiler
 - Elevator
 - Plumbing/sprinkler
 - Hazardous tanks
- Commercial fire inspections
- Restaurant fire inspections
- Licensing
- Periodic inspection
- Cross-connections

PROGRAM CHANGES

Cross-Training of Staff: In 2000, DNS piloted a study to combine a variety of common nuisance code violation inspections for all inspectors. Through the study, DNS allowed all inspectors to issue orders for a number of code violations such as graffiti, garbage and nuisance, peeling paint, and abandoned autos. As a result, this initiative has allowed DNS to respond to a variety of nuisance orders much sooner. In 2002, DNS will work to expand this program by providing further cross training of staff.

Internet Database Access: The department's Internet database of property-related information offers easy access to citizens who want property-related information. To provide this service, DNS created a database to track multiple types of property complaints

Figure 2

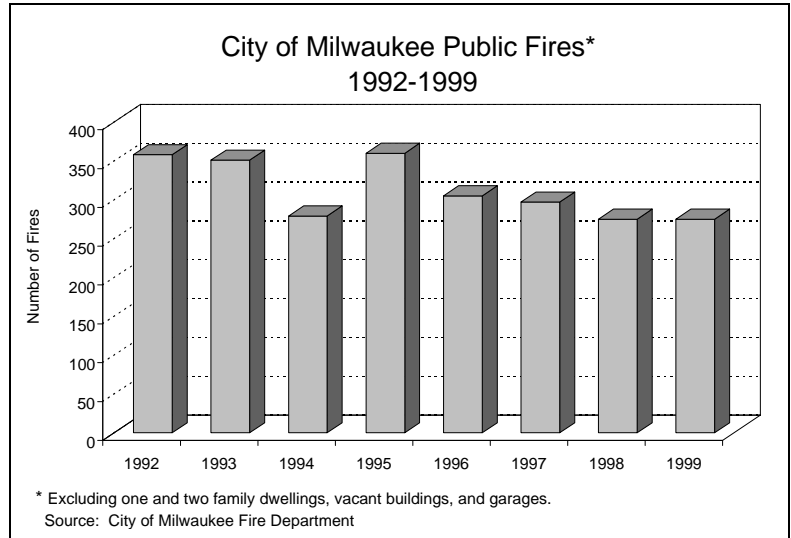
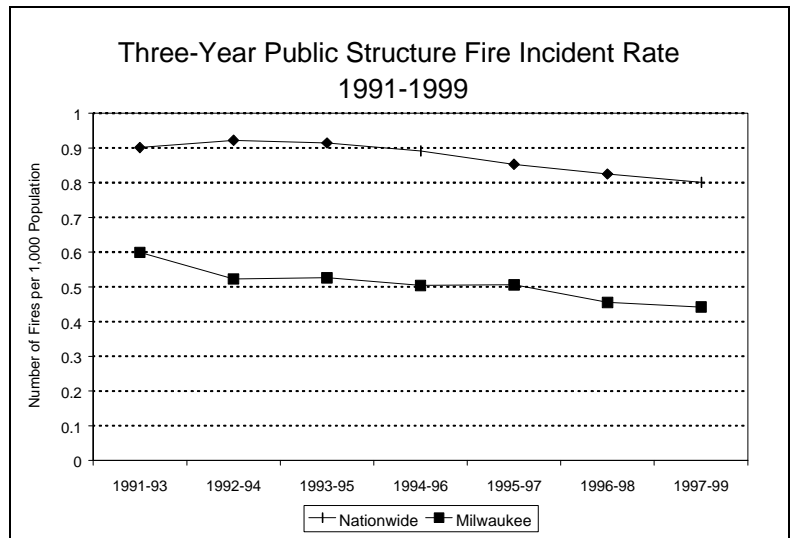


Figure 3



and violations - from information about abandoned automobiles to asbestos contaminants to litter. For each city address, citizens can access information about the recorded property owner, a contact phone number, building code complaints, and a history of building code inspections and violations. This Internet database access has proven to be very successful with continued increase in use. When the database was made accessible via the web in 1999, it was the first of its kind in the nation. To date, no other city has an equivalent system available to the public.

CAPITAL IMPROVEMENTS

In 2002, the final phase of the remodeling project will be completed with final construction in the Zeidler Municipal Building and the Anderson Building. Most of the functions dealing with the public will be housed on the first floor of the Zeidler Building with spaces designed to welcome and provide information to neighborhood groups. The tenth floor of the

Zeidler Building and the Anderson Building will be occupied by a variety of employees in DNS including inspection and management staff. The 2002 capital improvements budget includes approximately \$2.95 million to complete the project for the Department of Neighborhood Services.

NEIGHBORHOOD IMPROVEMENT DEVELOPMENT CORPORATION (NIDC)

NOTE: The budget of this agency is not under control of the Common Council. NIDC is an independent corporation that works in cooperation with the Department of Neighborhood Services.

The Neighborhood Improvement Development Corporation (NIDC) is a non-profit corporation established by the city in early 1973 for the purpose of performing activities that assist and encourage reinvestment in residential property as part of an overall neighborhood economic stabilization strategy. Programs operated by the NIDC encourage investments by private lending institutions and property owners by providing financial assistance in the form of grants, rehabilitation loans, and interest subsidy payments on conventional loans. In addition, the NIDC provides technical assistance and serves as a liaison between community-based organizations, city departments, area businesses, and associations. NIDC is headed by a nine-member board of directors, which includes at least four city residents. Board members serve for a period of three years, with one-third of the terms expiring each year. Federal funding supports many of the programs administered by NIDC received through the Community Development Block Grant (CDBG) Program.

Recent NIDC activities include:

- Continuing the expansion of the Target Investment Neighborhood (TIN) Program - a revitalization strategy, which intensively targets resources in relatively small neighborhoods in cooperation with neighborhood stakeholders. In 2001, two new TIN areas were added to the already existing eight TIN program areas. In 2002, NIDC will continue to work with all ten TIN program areas.
- Participating in an action to improve the fiscal soundness and physical conditions at North Meadow Condominium - a 500-unit complex on the city's northwest side. As a result, the North Meadow Board of Directors has taken steps to improve maintenance of the complex, to centralize the tenant screening process, to increase owner-occupancy rates in the complex, and to improve the collection of condominium fees to make the complex financially solvent. In 2001, there was a noticeable improvement in terms of the physical appearance of the complex and the police activity in the surrounding area. In 2002, NIDC will work

with the lending industry to make it possible for prospective owners to obtain conventional mortgages.

- Completing Phase II of CityHomes. As of August of 2001, all but 5 of the 34 lots have been sold and are either built-out or under construction. As a result of Phase I and II, 72 new homes have been built. The five lots remaining in Phase II have drawn much interest from families ready to build. In 2002, NIDC staff will continue to work with the Department of City Development to control and reconfigure the remaining lots. Once the reconfiguration is complete, the reservations and construction on the lots will go very quickly. To complement the new construction, NIDC will also be working with both the Department of Neighborhood Services and other neighborhood stakeholders to develop an expansion plan that relates to the overall Midtown Development Plan.
- Partnering with Wisconsin Housing and Economic Development Authority (WHEDA), the Department of City Development, lenders, realists, and counseling agencies to encourage new homeownership on vacant parcels of land owned by the City of Milwaukee. The Lindsay Heights area neighbors CityHomes on the east and is bound by West Walnut, North 20th Street, West Center Street, and North 12th Street. In an effort to economically diversify the neighborhood, NIDC has participated in creating a TID, which will provide a development contribution. Prior to August 2001, NIDC provided a contribution for water/lateral and site improvements for funding up to \$8,000. To date, 40 lots have been sold and are either built-out or under construction with another 28 reservations pending. In 2002, NIDC will continue its collaborative efforts in this area as well as other areas of the city.
- Collaborating with the Merrill Park Neighborhood Association on the Historic Merrill Park Estates Project, which will ultimately result in the construction of six new homes on North 29th Street between Michigan and Clybourn. The model

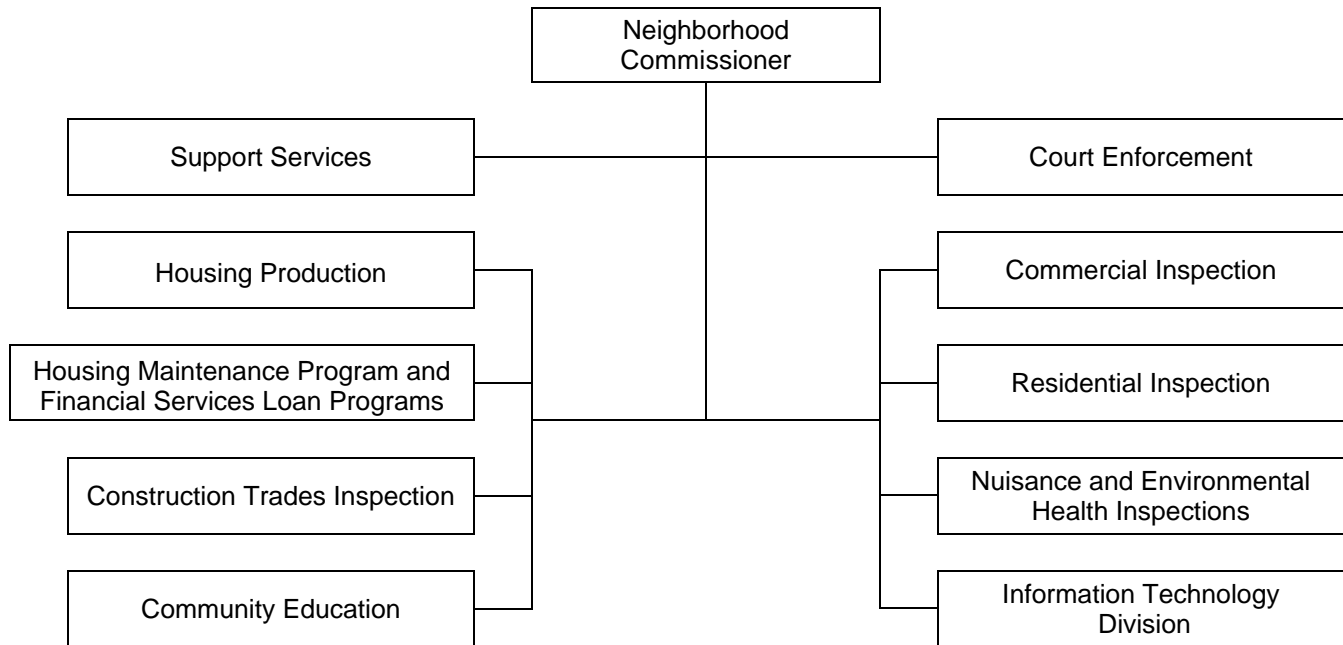
home, which was built by NIDC to encourage in-fill new construction, has hosted many tours and open houses. Sale of the model to an eligible homeowner is expected in August. Two other

sites have been sold and construction will begin in August. The remaining four sites will be actively marketed in 2002 for affordable homeownership.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	172.34	172.28	169.28	-3.00
FTEs - Other	51.44	70.49	76.49	6.00
Total Positions Authorized	277	280	288	8
DLH - Operations and Maintenance	310,217	310,110	304,704	-5,406
DLH - Other Funds	92,592	126,882	137,682	10,800
EXPENDITURES				
Salaries and Wages	\$7,283,319	\$6,701,170	\$7,503,892	\$802,722
Fringe Benefits	2,204,670	2,211,386	2,551,323	339,937
Operating Expenditures	1,073,318	1,174,495	1,014,378	-160,117
Equipment	73,097	134,882	103,682	-31,200
Special Funds	<u>1,942,096</u>	<u>1,666,695</u>	<u>1,647,115</u>	<u>-19,580</u>
TOTAL	\$12,576,500	\$11,888,628	\$12,820,390	\$931,762
REVENUES				
Charges for Services	\$4,480,408	\$4,260,500	\$4,192,300	\$-68,200
Licenses and Permits	5,188,152	4,515,200	4,685,800	170,600
Miscellaneous	<u>564,121</u>	<u>600,000</u>	<u>605,000</u>	<u>5,000</u>
TOTAL	\$10,232,681	\$9,375,700	\$9,483,100	\$107,400

CAPITAL PROJECTS - Includes \$2,949,990 for remodeling of the Zeidler Municipal Building and Anderson Building.

ORGANIZATION CHART**DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES**

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
1	1.00	Code Enforcement Assistant Supervisor (Non-Operating Funding \$61,451)	New grant funded positions.
2	1.00	Code Enforcement Intern (0.5 FTE) (Non-Operating Funding \$46,871)	
1	0.50	Office Assistant II (0.5 FTE) (Non-Operating Funding \$11,181)	
4	4.00	Special Enforcement Inspector (Non-Operating Funding \$196,838)	
1	1.00	Customer Service Representative II (Non-Operating Funding \$30,890)	
-1	-0.50	Property Management Training Coordinator (0.5 FTE) (Non-Operating Funding \$-21,258)	Elimination of grant funded positions.
-1	-1.00	Vector and Nuisance Control Officer II (Non-Operating Funding \$0)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-3	-3.00	Special Enforcement Inspector (Operating Funding \$-133,757)	Positions transferred to new CDBG program.
1	0.00	Nuisance Control Officer II (Operating Funding \$0)	New unfunded auxiliary positions.
3	0.00	Special Enforcement Inspector (Operating Funding \$0)	
-1	-1.00	Vector and Nuisance Control Manager (Operating Funding \$0)	Position title changes.
1	1.00	Nuisance Control Manager (Operating Funding \$0)	
-1	-1.00	Vector and Nuisance Control Supervisor (Operating Funding \$0)	
1	1.00	Nuisance Control Supervisor (Operating Funding \$0)	
-20	-20.00	Vector and Nuisance Control Officer II (Operating Funding \$0)	
20	20.00	Nuisance Control Officer II (Operating Funding \$0)	
-4	-4.00	Vector and Nuisance Control Officer I (0.25 FTE) (Operating Funding \$0)	Position title changes.
4	4.00	Nuisance Control Officer I (0.25 FTE) (Operating Funding \$0)	
8	3.00	TOTAL	

POLICE DEPARTMENT

EXECUTIVE SUMMARY

MISSION:	To reduce crime and enhance the quality of life in the City of Milwaukee.
STRATEGIC ISSUES:	<p>Enhance and improve the quality of life in Milwaukee's neighborhoods by addressing minor offenses that often lead to more serious crime.</p> <p>Reduce crime in order to retain residents and businesses within the city.</p> <p>Provide services in a manner that meets the needs of a diverse community.</p> <p>Use statistical analysis to target resources effectively and to hold managers accountable for results.</p> <p>Achieve the city's public safety goals by working cooperatively with city agencies and other components of the criminal justice process.</p>
INITIATIVES FOR 2002:	<p>Open the new Data and Communications Center and Third District Station.</p> <p>Work to implement the Mayor's Commission on Crime recommendations to improve public safety and lower the violent crime rate.</p> <p>Study consultant's reports for upgrading the city's current radio infrastructure and improving emergency communications.</p> <p>Continue to direct (and re-direct) policing resources where they are most needed and in a way that maximizes impacts on citywide safety and quality of life.</p> <p>Increase Police presence on the street by the civilianization of 21 Dispatcher positions.</p>

BACKGROUND

The Milwaukee Police Department (MPD) has ensured the safety of the community since 1855. Law enforcement personnel, most of them recruited and trained by the department itself, serve the public from an administration building, seven district stations, and a training academy.

The Milwaukee Police Department continues its commitment to the city's strategic plan goal of protecting citizens from crime by continuing its strategic focus on the quality of life in the community. The "broken windows" theory which George Kelling and James Q. Wilson put forth over 15 years ago, has found its way into police departments across the country in the mid to late 1990's. Police departments are recognizing that their strategic vision is about the

quality of life in the communities they serve, rather than shortening response times, or some other measure of "outputs".

In Milwaukee, the Police Department responds aggressively to emerging crime trends, as well as enforcing minor municipal violations. This dual strategy allows the department to minimize disorder, prevent more serious crimes from occurring, and continue its focus on the quality of life in Milwaukee's neighborhoods.

The Milwaukee Police Department also adds value to the community in less direct ways. For example, directed missions make Milwaukee's famous festivals and special events run smoothly and safely. More

importantly, a strong, visible police presence downtown, at festivals, and in neighborhoods creates a lasting impression of safety in the minds of tourists and business visitors.

Increasingly, the Milwaukee Police Department relies on partnerships with other agencies and community leaders to address neighborhood safety issues from a broader strategic perspective. These collaborations help to leverage the city's resources and create long-term results for the city as a whole.

OBJECTIVE 1

Respond to the commission of crimes, successfully detecting criminal activity and identifying, apprehending, and assisting in the prosecution of criminal offenders by clearing 38% of reported crimes by arrest in 2002.

OUTCOME HISTORY

Clearance rates refer to the percentage of reported crimes for which one or more arrest are made (or, the suspect is identified but due to death or other "exceptional" circumstances cannot be arrested). In 2002, the Police will devote more than \$89.1 million to investigating, solving, and clearing crimes by arrest.

Figure 1 shows that Milwaukee's total clearance of 38% (2000) includes much higher rates for crimes against persons (murder, rape, robbery, and assault). Property crimes (burglary, larceny, and motor vehicle theft) typically have lower clearance rates due to the large volume and lack of direct contact between the criminal and the victim.

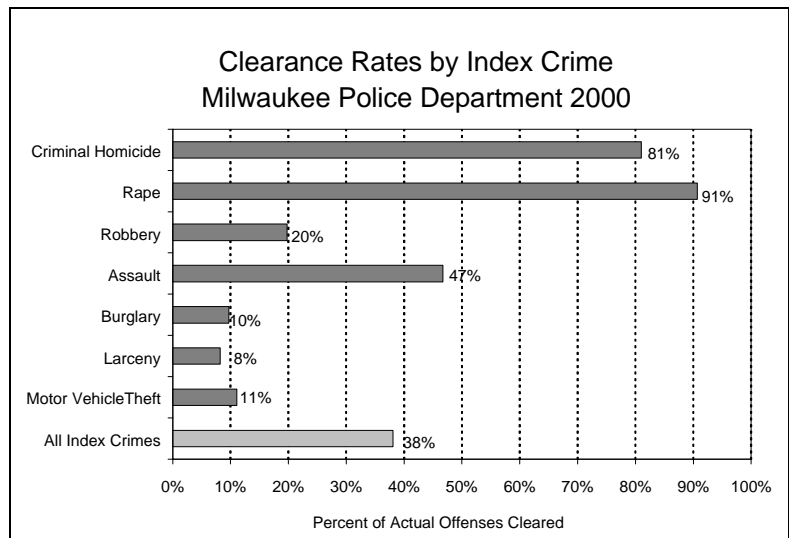
A high clearance rate is important for two reasons: arrests deter the arrested offender (specific deterrence) and a consistently high clearance rate sends the message to would-be perpetrators that few people get away with committing crimes (general deterrence). But the deterrent effect of police investigations and arrests ultimately depends on criminals promptly facing real consequences for their actions, including incarceration. Early prison release undermines deterrence effects.

The Police Department estimates that Milwaukee's total clearance rate will remain at 38% in 2002. However, clearance rates only represents part of the Milwaukee Police Department's impact on public safety

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Percent of reported crimes cleared by arrest.	38.1%	34.0%	38.0%
Funding by Source:			
Operating Funds	\$92,754,081	\$84,667,233	\$84,216,570
Grant and Reimbursable	2,708,948	2,291,147	146,000
Capital Budget	8,561,667	4,991,225	4,780,945
Total:	\$104,024,696	\$91,949,605	\$89,143,515

Figure 1



and criminal behavior. This objective includes funding for the Vice and Intelligence Divisions and other efforts related to tracking and halting the trade of drugs in Milwaukee. Narcotics offenses do not factor into the FBI index or clearance reports. Consequently, although many crimes reported to the FBI are in fact drug-related, the FBI reported clearance rate does not directly measure the effectiveness of these special units, nor their impact on other types of serious crime.

ACTIVITIES

- Criminal investigations
- Drug abatement
- Vice control
- Intelligence operations
- Special initiatives
- Training-resolving and clearing crimes

PROGRAM CHANGES

High Intensity Drug Trafficking Area Project (HIDTA): Since 1998, the Police Department has participated in a cooperative anti-drug initiative known as HIDTA. HIDTA, funded by the Office of National Drug Control Policy, combines the efforts of federal, state, and local law enforcement agencies to stop drug trafficking. The Milwaukee Police Department receives reimbursement by the HIDTA project for staff time committed to the project's several task forces. The 2002 budget includes 50% funding for 17 positions to be funded by this grant.

OBJECTIVE 2

Prevent, deter, and suppress crime by decreasing the percentage change in reported violent crimes per 100,000 residents by 6% in 2002, as measured by the FBI Violent Crime Index.

OUTCOME HISTORY

In 2002, the MPD will devote approximately \$41.5 million to minimizing criminal activity. In 2001, a new outcome indicator to measure the department's effectiveness in preventing, deterring and suppressing crime was introduced. This measure will track the percentage change in reported violent crimes per 100,000 residents. The FBI Violent Crime Index, a uniform national reporting instrument, is composed of reported crimes of homicide, rape, robbery and aggravated assault.

Previously, the department tracked Milwaukee's ranking among cities of comparable size (population between 500,000 and 1 million). The outcome measure was changed in an effort to more accurately communicate the department's impact on crime to both citizens and Police Department personnel. For example, if Milwaukee's ranking improved from fifth to second compared to other cities, it did not necessarily mean that the city was becoming safer. By measuring the change in violent crime from year-to-year, the measure becomes static and the city's trend in public safety is more clear. Figure 2 depicts the number of homicides and the city's violent crime rate per 100,000 residents for the years 1991–2000. The chart depicts that Milwaukee's 2000 violent crime rate of 955.9 crimes per 100,000 residents, slightly

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Percent change in reported violent crimes.	-6.0%	-10.0%	-6.0%
Funding by Source:			
Operating Funds	\$40,323,347	\$36,517,003	\$37,073,771
Grant and Reimbursable	1,175,862	989,943	337,060
Capital Budget	3,716,329	2,156,573	4,073,111
Total:	\$45,215,538	\$39,663,519	\$41,483,942

lower than the 1999 rate and lower than past experience. For example, the violent crime rate in 1997 was 1073.4 crimes per 100,000 residents, 10.2% higher than the 2000 rate.

The number of homicides, the most serious factor of the violent crime index, has also shown improvement. In 2000, the city had 121 homicides. While the department's ideal would be to reduce this number to as close to zero as possible, homicides have decreased 26% from 1991. The department projects that the violent crime rate, including the number of homicides, will decrease by an additional 10% in 2002. The Police Department's long-term goal in this area is a 50% reduction in violent crime.

The FBI Violent Crime Index, while valid for a means of measurement, includes only "serious" crimes. In order to be effective, police departments must also be successful at reducing "minor" crimes and municipal ordinance violations that could potentially lead to more serious crime.

These and other signs of “disorder” have been empirically linked to more serious crime. Social scientists James Q. Wilson and George Kelling use the metaphor of a broken window: “If a window in a building is broken and is left unrepaired, all the rest of the windows will soon be broken... ‘untended’ behavior also leads to the breakdown of community control. Serious street crime flourishes in areas in which disorderly behavior goes unchecked.”¹

The Milwaukee Police Department has a central mission focused on the “quality of life” in Milwaukee. In order to achieve this mission, the department relies on a weekly process known as “crime analysis” which centers around examining localized crime trends in detail, and holding supervisors accountable for addressing specific trends or concerns. Implementation of quality of life policing has helped officers and supervisors at all levels be more proactive than reactive, and focus resources on the tasks, problems, and geographic areas with the largest potential for improving Milwaukee’s overall safety.

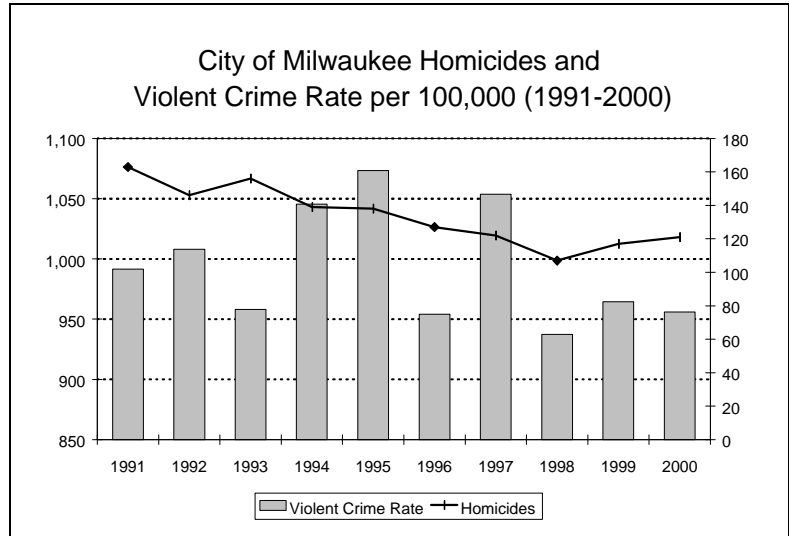
ACTIVITIES

- Patrol
- Area-specific patrol
- Bicycle patrol
- Neighborhood foot patrol
- Mounted patrol
- Boat patrol
- Special Operations Bureau/Patrol Support Division activities
- Tactical enforcement
- Coordination with neighborhood groups and businesses
- Informing of residents, landlords, etc.

PROGRAM CHANGES

Mayor’s Commission on Crime: In 2000, the Mayor formed a community-based commission to make recommendations on how to reduce violent crime in the city by 50%. Since its creation, the commission and Police Department has acted on many recom-

Figure 2



mendations such as the opening of the Community Justice Center on May 1, 2001 at 1935 North 34th Street in Police District Three and plans are underway for centers in Police Districts Two and Seven. Ongoing quarterly crime meetings provide residents with face-to-face contact with service providers such as Police and other governmental departments such as the Department of Public Works and Neighborhood Services. City personnel take complaints from citizens and report outcomes at subsequent meetings. Other ongoing activities include increasing the number of safe-place sites operated through the Safe and Sound Program, which has grown from 51 to 86 since 1999.

The Milwaukee Police Department has worked with the Crime Commission and the Fire and Police Commission to implement other crime reduction strategies in each police district.

Compass Grant: In 2000, the Police Department was successful in obtaining a Community Mapping, Planning, and Analysis for Safety Strategies (COMPASS) Grant for the City of Milwaukee. The department saw the potential benefits to the city in the form of information sharing between city departments and other outside agencies. This grant, which is administered by the Mayor’s Office, provides a vehicle for information sharing and analysis that potentially benefits all city departments, other agencies, and community groups.

Community Safety Coalition: The Community Safety Coalition, an on-going partnership to improve

¹ Wilson, James Q. and George L. Kelling “Broken Windows: The Police and Neighborhood Safety,” *The Atlantic Monthly*, March, 1982.

the safety of Milwaukee neighborhoods, has continued to grow in 2000 and 2001 to the current 381 members. In 2002 the coalition will continue its monthly meetings are held at which faith-based organizations and community groups bring issues regarding their constituencies.

Technology: The Police Department is in the process of installing a fiber optic network, a replacement 911 system, and a replacement telephone system. In 2002, the department will obtain a new fingerprint identification system to replace the current 15 year old system. In late 2001 or 2002, the department will be acquiring an integrated Records Management System (RMS) and Computer Aided Dispatch System (CAD). The department is continuing to seek grants to supplement capital funding for these additional technology purchases.

OBJECTIVE 3

Provide services in a manner acceptable to a diverse community with varying needs and demands for police services maintaining at least 89% of city residents rating interactions with police as "satisfactory" or "better" in 2002.

OUTCOME HISTORY

A positive image of the police among Milwaukee residents reinforces the department's efforts to reduce disorder, prevent, and deter criminal activity, and clear crimes that are committed. Thus, the approximately \$53.4 million the department spends on this objective not only helps public relations, but also makes everything else the department does more effective. The Milwaukee Police Department maintains an impressive record in terms of citizen satisfaction. In 2000, approximately 89% of citizens interviewed who had interaction with the Police Department indicated that police services were "satisfactory" or "better", far surpassing the expected level of around 70%.

The survey instrument used to determine satisfaction was developed in 1994 with the assistance of an independent consultant. It covers citizen satisfaction with response time, usefulness of officer actions, officer conduct, and an overall rating of the citizen's contact with the department.

Educational programs for officers and city residents contribute to this objective. Officers and supervisors receive training on diversity, sensitivity, and community relations. The Police Department also reaches out into the community, with home safety training,

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Percentage of city residents rating interactions with police as "satisfactory" or "better".	89.0%	98.0%	89.0%
Funding by Source:			
Operating Funds	\$40,969,407	\$43,049,036	\$45,157,717
Grant and Reimbursable	1,076,633	1,168,587	7,201,193
Capital Budget	3,402,715	2,545,746	1,008,858
Total:	\$45,448,755	\$46,763,369	\$53,367,768

educational programs in schools, and other information on avoiding crime. These activities allow the Police Department to focus on the diversity of the citizens they serve. In 2002, the Police Department estimates they will maintain at 89% the level of citizen satisfaction with police services.

It is not only training that determines how well services are delivered. In 2000, this objective was reformulated to incorporate efforts to maintain a fleet of vehicles, radio communications infrastructure, dispatching systems and communications personnel that keep police officers "on the street" and in touch with events and each other. It also includes expenditures for technologies that create efficient processes and provide sworn and civilian managers with better and more timely information. The expenditure level for this objective reflects the fact that each officer on the street and each detective investigating crimes relies on a large supporting cast to and meet the needs of the community.

ACTIVITIES

- Community services
- Safety Division
- Building and Fleet maintenance
- Communications operations and maintenance
- Central records
- Identification
- Property control
- License investigation

PROGRAM CHANGES

Improving City's Radio Infrastructure: The 2001 budget included capital funding of \$300,000 in the Department of Administration's Information and Technology Division budget to study the city's current radio infrastructure. Now in progress, this study is expected to be completed sometime in 2002. The study will recommend the infrastructure, under the responsibility of the Police Department, which is best suited for the needs of the entire city. The Federal Communications Commission (FCC) has made radio

transmission regulation changes that will make the replacement of the current system necessary by 2005. The new technologies will greatly enhance the city's communications capabilities.

The Vehicle Fleet: The 2002 budget provides funding for 38 police cars. In 2002 the department plans to implement a pilot program for outsourcing a portion of its fleet repairs. The program will then be studied to determine if significant cost savings can be realized by the outsourcing of fleet maintenance.

Third Police Officer Recruitment Class: The 2002 budget includes a funding for a third Police Officer recruitment class, increasing from the two that were requested. These three classes will bring approximately 180 new officers into the sworn ranks of the department. The additional funding for this class will, in combination of the civilianization of the remaining dispatcher positions, allow the Police Department to utilize more sworn officers for patrolling the streets.

OTHER ACTIVITIES AND CHANGES

Grant Programs: The 2002 budget contains a total of 33 positions partially- or wholly-funded by grant programs. The department will continue to make a good faith effort to retain all positions created through grant programs.

These positions contribute to the department's ability to ensure public safety and provide effective law enforcement. The department will continue to seek additional grants when they can make a significant contribution to the city's law enforcement efforts. The Police Department continues a policy of aggressively pursuing grants to supplement its investments

in equipment and technology and to fund one-time expenditures.

Dispatchers: The 2002 budget contains 21 additional dispatcher positions, for a total of 54 authorized dispatcher positions. The additional funding of \$845,462 for salaries and fringes for these 21 civilian dispatchers will allow the Department to reassign Police Officers that currently perform dispatching duties, resulting in an increased police presence on Milwaukee's streets. This is the final phase of civilizing the dispatcher positions, a process which began in 1999.

CAPITAL IMPROVEMENTS

The 2002 capital budget includes \$9.9 million in new funding for MPD projects. Key projects in 2002 include:

Data and Communications Center: Construction began in late 1999 on the District #3/Com Data Center on Milwaukee's west side. The 2002 capital improvements budget includes \$4.0 million to complete

this project and the renovation of the radio repair shop. Construction of the facility is expected to be completed in late 2001 and will house communications equipment that utilizes the latest in technology improvements. These upgrades will allow the Police and Fire Departments to respond to emergencies more quickly and efficiently, ensuring greater public safety. The new facility will also house ten additional

employees for communication equipment support and facility operations, which is supported by an additional \$476,479 of salaries and fringes. The remodeling of the radio shop, which will also be the backup for the 911 services and communications, is expected to be completed by mid 2002.

Police Administration Building Renovation: The 2002 capital budget includes \$2.1 million to continue the renovation of the Police Administration Building (PAB). This reoccurring expense funds the plumbing, heating and ventilation, asbestos abatement, structural and mechanical systems needs of the PAB. Funding included in the 2002 budget will support projects to replace elevators and perform HVAC upgrades.

Automated Fingerprint Identification System (AFIS): The 2002 capital budget includes \$1.5 million for the replacement of the department's fifteen-year-old AFIS system. AFIS is critical to the department's crime solving efforts and the replacement system will offer the latest in fingerprint technology, including palm print identification and two-finger fast ID with the fingerprint database.

ADA Compliance Program (Various Facilities):

This program, which began in 1993, is part of a ten year program designed to bring all MPD facilities into compliance with the Americans with Disabilities Act by the year 2004. In accordance with the capital plan, \$18,914 has been allocated for 2002.

District Renovation Program: The 2002 capital budget includes \$2.0 million in funding for the renovation of the District Two Station. This station, constructed in 1953, has not experienced a major remodeling in its 48 year history. Designed to be functional when constructed, the building's layout is inefficient by today's standard and will be remodeled to provide greater security for the district's personnel.

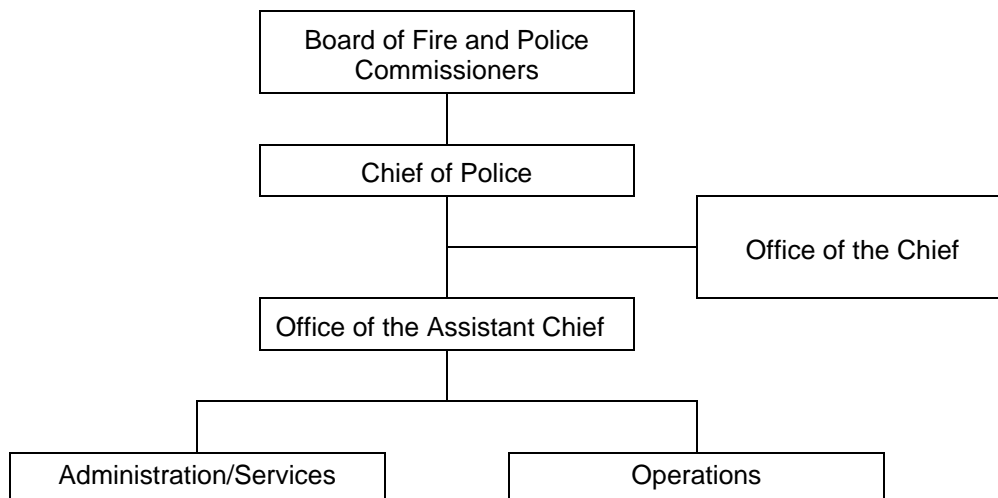
Interim Radio Replacement: The 2002 capital budget includes \$244,000 for the replacement of critical radio equipment for the current system. This is necessary to ensure the reliable operation of the system until it is replaced in the future by radio trunking.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	2,705.10	2,637.48	2,668.73	31.25
FTEs - Other	18.02	23.50	25.50	2.00
Total Positions Authorized	2,933	2,920	2,952	32
DLH - Operations and Maintenance	4,463,416	4,351,842	4,403,255	51,413
DLH - Other Funds	29,733	38,775	42,095	3,320
EXPENDITURES				
Salaries and Wages	\$131,169,692	\$120,762,252	\$120,577,238	\$-185,014
Fringe Benefits	31,376,221	32,615,258	34,967,398	2,352,140
Operating Expenditures	9,942,092	9,309,244	9,555,723	246,479
Equipment	1,558,830	1,546,518	1,347,700	-198,818
Special Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$174,046,835	\$164,233,272	\$166,448,059	\$2,214,787
REVENUES				
Intergovernmental	\$560,740	\$650,700	\$568,200	\$-82,500
Charges for Services	292,639	251,000	200,500	-50,500
Fines and Forfeitures	0	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$853,379	\$901,700	\$768,700	\$-133,000

CAPITAL PROJECTS - Includes funding of \$9,862,914 for the following projects:

- a. Data Services Com Center/3rd District Station Construction - \$4,000,000
- b. Interim Radio Replacements - \$244,000
- c. Police Administration Building Renovations - \$2,100,000
- d. District Renovation Program - \$2,000,000
- e. ADA Compliance Program - \$18,914
- f. Automated Fingerprint Identification System - \$1,500,000

ORGANIZATION CHART

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
Administrative Decision Unit			
-1	-1.00	Assistant Custodian of Police Prop and Stores (Operating Funding \$-47,712)	Reclassification.
1	1.00	Police Officer (Operating Funding \$45,690)	
1	1.00	Building Maintenance Supervisor II (Operating Funding \$47,683)	Positions created for the new Third District Station/ Data Communications Center.
1	1.00	Heating and Vent Mechanic II (Operating Funding \$34,342)	
5	5.00	Custodial Worker II City Laborer (Operating Funding \$150,366)	
-1	-1.00	Police Officer (Non-Operating Funding \$-45,690)	To reflect expiration of EIProtectory Community Safe Driver Grant.
-1	-1.00	Chief Operator Police Alarm (Operating Funding \$-50,237)	Reclassification.
1	1.00	Telecommunications Supervisor (Operating Funding \$50,237)	
21	21.00	Police Dispatcher (Operating Funding \$655,397)	Civilianization.
1	1.00	Network Coordinator Senior (Operating Funding \$44,880)	Positions created for the new Third District Station/ Data Communications Center.
1	1.00	System Security Administrator (Operating Funding \$47,220)	
1	1.00	Latent Print Examiner (Operating Funding \$53,237)	
-1	-1.00	Public Relations Manager (Operating Funding \$-53,693)	Position eliminated through Common Council amendment.
0	6.50	Various positions (Operating Funding \$0)	Miscellaneous adjustment.

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
Operations Division			
2	2.00	Police Officer (Operating Funding \$91,380)	Reclassification.
-2	-2.00	Police Matron (Operating Funding \$-94,376)	
1	1.00	Captain of Police (Non-Operating Funding \$69,258)	Additional HIDTA Grant positions.
2	2.00	Police Sergeant (Non-Operating Funding \$105,422)	
0	4.25	Various Positions (Operating Funding \$0)	Overtime adjustment.
0	15.50	Various Positions (Operating Funding \$0)	Miscellaneous adjustment.
0	-25.00	Various Positions (Operating Funding \$-1,142,250)	Personnel cost adjustment based on expected increase in vacancies.
32	33.25	TOTAL	

PORT OF MILWAUKEE

EXECUTIVE SUMMARY

MISSION:	To enhance the overall economic environment of the region by stimulating trade, business, and employment.
STRATEGIC ISSUES:	Become universally recognized as a quality provider of transportation and distribution services in the Midwest. Maintain financial self-sufficiency. Accentuate competitiveness and individualized customer services.
INITIATIVES FOR 2002:	Coordinate private sector financing and construction of a high speed ferry initiative to provide passenger and vehicle transport across Lake Michigan. Renewal of land lease agreements with private companies.

BACKGROUND

The Port of Milwaukee administers 470 dry acres of city-owned property at or near the city's lakefront. Milwaukee World Festivals, Inc. currently leases roughly two-thirds of the Port's north harbor land for the Maier Festival Grounds - home of Summerfest, various ethnic festivals, and the Marcus Amphitheater. Smaller leaseholders and city-owned facilities account for most of the remaining acreage.

The Port of Milwaukee stimulates trade, business, and employment by serving as a regional transportation and distribution hub for southeastern Wisconsin. The Port links waterborne, rail, and ground surface transportation in an accessible location, close to downtown. The seven member Board of Harbor Commissioners governs the promotion, marketing, maintenance, and operations functions of the Port.

Shipping Industry Trends: Over the past 25 years, companies that traditionally shipped their goods

have experienced increasing flexibility in choosing the method of moving products. This has resulted from several trends including deregulation of the transportation industry and "intermodalism" - the ability to send cargoes via multiple transportation modes while in a single container. Great Lakes transport interests have also faced problematic protectionist policies, including trade restrictions on imported steel, U.S. flag cargo preference regulations, and the high cost of St. Lawrence Seaway tolls.

Additionally, an increasingly globalized economy has put pressure on U.S. industry to be more competitive in both export and domestic markets. These combined forces have put many shippers out of business and have increased pressure on remaining shipping providers to furnish competitively priced, timely service. The Port has responded proactively to the changing transportation environment by seeking new markets and by providing high quality, flexible services.

OBJECTIVE 1

To focus on business-based operations and to become financially self-sustaining in 2002 by recovering 100% of operating expenses with revenue from Port activities.

OUTCOME HISTORY

Over the past nine years the Port has recovered approximately 80% of its expenses, including asset de-

preciation, through revenues generated by the lease of Port property, cargo loading charges, and warfage fees (see Figure 1). In 2000, the Port recovered 66.5% of its expenses through revenues, representing a decrease from 1999 of 10 percentage points in the ratio of revenues to expenditures (see Figure 2). This decrease was largely due to the increased use of attorneys during negotiations for the renewal of the Summerfest lease agreement.

In 2001, the Port renewed its agreement for the lease of the 75-acre Maier Festival Grounds. This new lease agreement will generate approximately \$1 million annually. As a result of the new lease agreement, Port revenues are expected to exceed operating expenditures. Excess revenues generated by the Port will be transferred to the city's general fund to reduce the tax levy.

In 2002, the Port will continue two major activities to increase its revenues. First, the Port will work to secure private investment for the construction of a high-speed passenger vessel to provide commuter transport service between Milwaukee and Muskegon, Michigan via Lake Michigan. This service is anticipated to be available in 2003 and will generate increased revenue - at minimal expense - by responding to a high demand for such service that enables travelers to avoid Chicago traffic. Second, the Port will renegotiate several of its lease agreements to attract companies that represent the most productive use of Port property in terms of shipping trade, thereby increasing Port revenues from cargo handling fees.

Through 1996, the Port significantly increased cargo tonnage passing through Milwaukee (see Figure 3). Tonnage grew every year between 1992 and 1996, with expansion particularly pronounced in the steel and bulk grain categories. Mild winters reduced demand for bulk cargo, most notably salt and coal, decreasing tonnage in those years. However, several recent developments are expected to increase tonnage and revenue in 2002 including: the leveling of an unoccupied and decrepit building resulting in increased storage space; a new bare ground lease of

Outcome Indicators and Funding			
	2000 Experience	2001 Budget	2002 Projection
Percent of total expenses covered by revenues.	66.5%	85.0%	100.0%
Funding by Source:			
Operating Funds	\$2,296,238	\$2,226,008	\$3,293,885
Grant and Reimbursable	800,000	2,400,000	1,980,000
Capital Budget	2,150,000	725,000	785,000
Total:	\$5,246,238	\$5,351,008	\$6,058,885

Figure 1

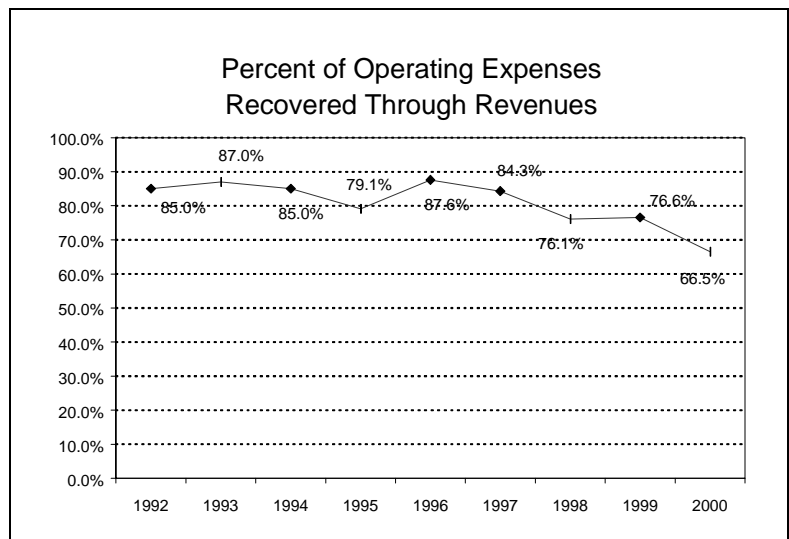
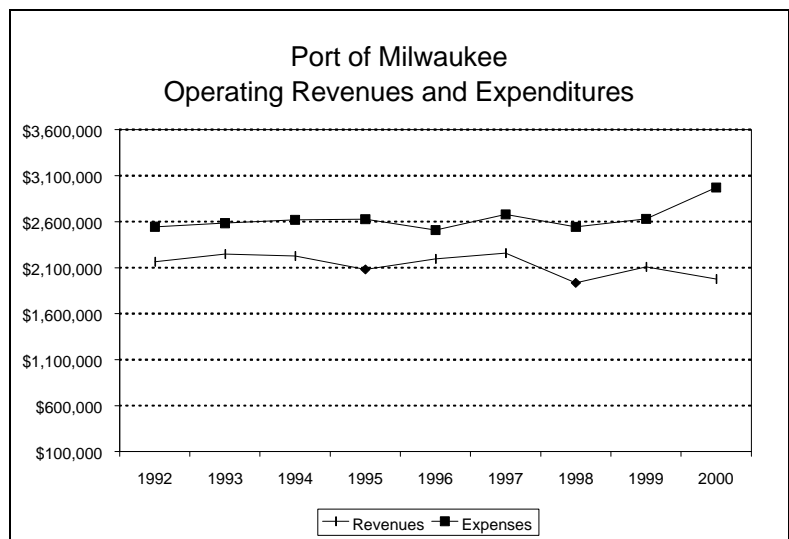


Figure 2

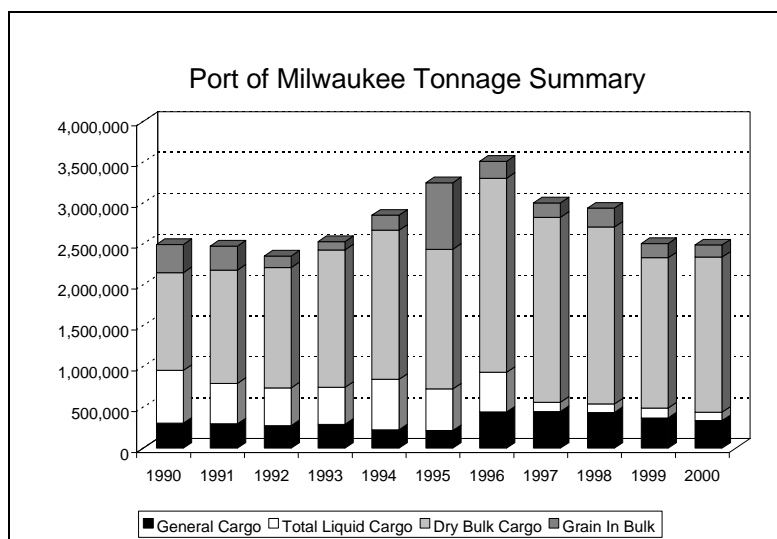


four-acres with a cement processing company; and recent changes to federal shipping regulations that allow the Port to send shipments for the U.S. Department of Agriculture's Public Law 480 Food for Peace Program for the first time since 1991. In 2002, the Port will allocate approximately \$6.1 million towards this objective.

ACTIVITIES

- Market Port facilities
 - Marketing and promotion
 - Seek changes in federal laws
- Provide complementary service
 - Vessel harbor equipment and vessels
 - Crane operations

Figure 3



ACTIVITIES AND CHANGES

Lease Agreements: The Port identifies new opportunities to lease its land to private businesses and assesses its current lease agreements based upon their benefit to the Port and to the City of Milwaukee. The Port recently entered into a new lease agreement with a cement processing company anticipated to generate 150,000 tons of dry bulk shipments. The Port reassessed and increased its lease agreements with Pieces of Eight restaurant and the Army Corps of Engineers, resulting in a combined revenue increase of approximately \$100,000. Additionally, the Port negotiated a new lease agreement for the Summerfest property. This renewed lease will generate approximately \$1,000,000 in annual revenues, representing a substantial increase from the \$30,000 paid in 2000.

Passenger Vessel Initiative: The 2000 budget included \$1.9 million in capital funding for construction of a terminal to accommodate a new high-speed ferry that will provide passenger and vehicle transport across Lake Michigan. This project, together with the Port's efforts to introduce or attract international passenger vessel service, is part of a broad initiative to promote passenger and freight transportation operations through the Port.

Currently, no capital funds have been expended for the ferry project. The Port will not pursue construction of permanent docking facilities for both a ferry

and cruise operations until it has finalized private financing agreements for construction of the high-speed ferry. The Port is working to finalize selection of a ship builder with vessel construction anticipated to begin in 2002.

Food for Peace Cargoes: In August of 2000, the Port was awarded a major shipment of 9,600 tons of bagged food product to be shipped to India under the U.S. Department of Agriculture's Public Law 480, or Food for Peace Program. During the 1980's the Port was a major loading port for Food for Peace shipments destined for Africa, Latin America, and India. However, due to changes in federal shipping regulations that favored U.S. Gulf Ports over Great Lakes Ports, not since 1991 has the Port been awarded a Food for Peace shipment. Recent changes to these regulations allow the Port to compete for these shipments.

River Barges: The Port is currently working to return river barge service to Milwaukee. Barges that ran between Milwaukee and the Mississippi River from 1993 through 1996 averaged 158,000 tons each year. This service was halted in 1996 due to federally imposed fees that restrict barge service to Milwaukee.

The Port has worked with the U.S. Coast Guard to rewrite the regulations under which river barges can transit on Lake Michigan. As of 2001, the U.S. Coast

Guard Great Lakes District has formally endorsed this initiative. While the final authorization must come from the Coast Guard Office in Washington,

DC, this is considered a major step forward to returning the Port's connection to the Nation's inland waterway system.

CAPITAL IMPROVEMENTS

Terminals and Pier Maintenance: In 2002, the Port has budgeted \$115,000 for pier and terminal maintenance. These improvements include routine pier maintenance, as well as improvements to terminal exteriors, restrooms, offices, heating, and electrical wiring.

Pier, Berth, and Channel Improvements: In 2002, the Port will use \$470,000 for dredging the inner harbor. The area of the inner harbor near the mouth of the Kinnickinnic has become laden with sediment, which presents a hazard to large cargo ships docking at the Port's inner terminals. The Wisconsin Harbor Assistance Program will cover 80% of the cost.

Equipment Major Rehabilitation and Upgrades: The Port has budgeted \$50,000 in 2002 for the repair of large pieces of equipment such as heavy lift cranes.

Resurface Road to the West Side of Mooring Basin:

The road on the west side of the Port's mooring basin will be graded and resurfaced to improve its ability to handle water drainage, therefore avoiding accelerated deterioration caused by standing water. This capital project is budgeted at \$50,000 in 2002

Rail Track Improvements and Upgrades: In 2002, the Port will match \$100,000 in grant funding from the State of Wisconsin Department of Transportation for the improvement and upgrade of railroad track located in the Port mooring basin. These improvements will replace old rail and ballast, bringing the mooring basin track up to the industry standard of 112 pound rail.

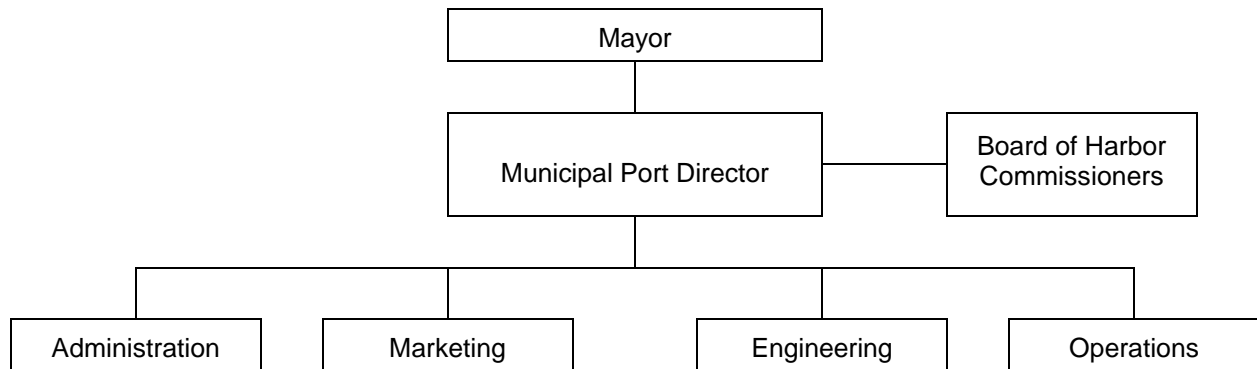
BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 PROPOSED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	20.00	20.00	20.00	0.00
FTEs - Other	1.00	1.00	1.00	0.00
Total Positions Authorized	35	35	35	0
DLH - Operations and Maintenance	34,218	43,680	43,680	0
DLH - Other Funds	0.18	1,800	1,800	0
EXPENDITURES				
Salaries and Wages	\$1,046,710	\$1,021,337	\$1,102,171	\$80,834
Fringe Benefits	322,600	337,041	374,738	37,697
Operating Expenditures	849,914	864,630	856,976	-7,654
Equipment	77,014	3,000	0	-3,000
Special Funds	<u>0</u>	<u>0</u>	<u>960,000</u>	<u>960,000</u>
TOTAL	\$2,296,238	\$2,226,008	\$3,293,885	\$1,067,877
REVENUES				
Charges for Services	<u>\$1,976,125</u>	<u>\$2,226,008</u>	<u>\$3,293,885</u>	<u>\$1,067,877</u>
TOTAL	\$1,976,125	\$2,226,008	\$3,293,885	\$1,067,877

CAPITAL PROJECTS - Includes \$785,000 for the following projects:

- Major Maintenance - Terminals and Piers - \$115,000
- Major Rehabilitation and Upgrades - Equipment - \$50,000
- Resurface Road to West Side of Mooring Basin - \$50,000
- Pier, Berth and Channel Improvements - \$470,000
- Rail Track/Service Improvements and Upgrades - \$100,000

ORGANIZATION CHART



DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES - None

DEPARTMENT OF PUBLIC WORKS

EXECUTIVE SUMMARY

MISSION: To promote the health, safety, mobility, and quality of life for all City of Milwaukee residents and visitors by providing:

- Safe, attractive, and efficient surface infrastructure systems;
- Solid waste collection, disposal, recycling, and waste reduction;
- Safe, aesthetically pleasing, and sufficient drinking water;
- Storm water and waste water conveyance; and,
- Support services and facilities for the Department of Public Works (DPW) and other city departments.

STRATEGIC ISSUES: Provide a transportation system that adequately balances the use of mass transit, automobiles, and other modes of transportation.

Improve the environment by reducing solid waste in landfills and reducing air and water pollution to federally required levels.

Improve the attractiveness and safety of neighborhoods in a way that enhances the identity of neighborhoods and attracts people to them.

Address regional problems at a regional level instead of a local level.

INITIATIVES FOR 2002: Work with the state and county governments on major transportation projects, including the Sixth Street Viaduct, Park East Freeway, and Marquette Interchange.

Consolidate the Forestry, Buildings and Fleet and Sanitation Divisions into an Operations Division.

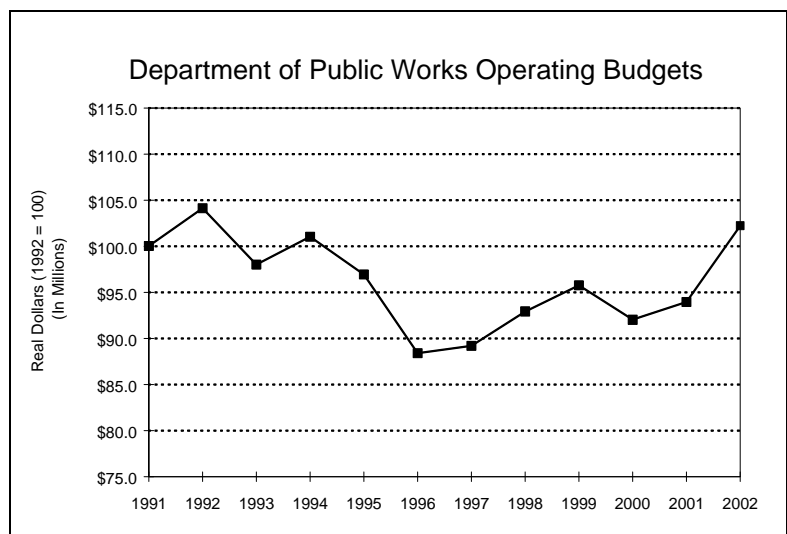
Replace the city's telephone system.

BACKGROUND

The Department of Public Works was created in 1910. While the department's activities have evolved through the years, the organizational structure basically remained unchanged until 1996. As a result of the strategic planning process, the 1996 budget restructured the Department of Public Works into the following divisions:

- Administrative Services Division;
- Buildings and Fleet Division;
- Forestry Division;
- Infrastructure Services Division;
- Sanitation Division; and
- Water Works Division.

Figure 1



The 2002 budget includes a further restructuring: consolidating the Forestry, Sanitation and Buildings and Fleet Divisions into a single Operations Division. This will help to increase operating efficiencies while maintaining service levels.

The operating and maintenance budget, excluding the Water Works and Parking funds, for DPW operating divisions (in real dollars) has increased by only 3.5% since 1991. However DPW's budget has increased by 18.2% since 1996. Most of recent increases can be attributed to wage and salary settlements, increased funding for equipment replacement and for

equipment maintenance and repair. The level of funding provided to the Department of Public Works demonstrates the city's commitment to delivering quality public services to the community.

With the creation of the Operations Division, DPW will focus on achieving reductions in operating budgets not by changing the services the department provides, but by changing the way it provides services. Improved efficiency, better utilization of technology, and new ways of doing business are needed to allow the department to reduce costs while maintaining service levels.

OBJECTIVES

To help meet its objectives, the 2002 budget for the Department of Public Works operating divisions includes operating and maintenance funding totaling approximately \$109.1million, state and federal grant funding totaling approximately \$26.2 million, and capital funding totaling approximately \$84.8 million. Approximately \$23.3 million in state and federal aid will be provided in 2002 for city infrastructure needs. In addition, the Water Works 2002 budget includes \$60.3 million in operating funds, and \$15.1 million in capital funds. The Parking Fund's 2002 budget includes approximately \$25.2 million in operating funds and \$822,000 in capital funds. The 2002 Sewer Fund budget includes approximately \$25.8 million in operating funds, and \$17.4 million in capital funds.

Table 1 shows the percentage of DPW's funding allocated to each of its objectives. Aggregate funding levels for each DPW objective are included in the outcome indicator and funding table at the end of this section. In 2000, all divisions provided new program result measures for their programs. In addition, some new outcome indicators were created, including reduction of citizen complaints regarding the condition of boulevards and maintaining city cleanliness as measured by the Photometric Index. DPW will continue to work on developing meaningful data-driven outcome measures for all of its objectives in order to enable policymakers to analyze program success. Detailed descriptions of individual objectives, including outcome history, activities, and funding levels are included in each division's summary.

Table 1

Percentage of DPW Funding by Objective	
Objective	
Drinking Water	25.61%
Sewer System Services	16.30%
City Cleanliness	11.98%
Parking Regulation and Compliance	9.20%
Public Way Condition	8.52%
Building Services	6.61%
Street Lighting and Playgrounds	5.09%
Tree Mortality	3.23%
Snow and Ice Control	2.77%
Communication Services	2.77%
Bridge Condition	2.54%
Traffic Accidents	2.09%
Boulevard Appearance	2.02%
Solid Waste Reduction	1.77%
TOTAL	100.00%

ACTIVITIES

- Design, maintenance, and repair of 216 bridges
- Maintenance of 220 city-owned buildings
- Design, construction, and maintenance of streets, sewers, water facilities, alleys, sidewalks, and bridges
- Maintenance of city trees, boulevards, playgrounds, and parking lots
- Collection and disposal of garbage and operation of the city recycling program
- Snow and ice control on city streets
- Design, construction, and maintenance of the street and alley lighting system
- Traffic control through design, regulation, and control systems

- Management of City Parking Operations.
- Maintenance and service of the city-owned automobile and construction equipment fleet
- Operation of the city water utility
- Maintenance of the city's sewer system

PROGRAM CHANGES

The 2002 budget reflects several program changes for the Department of Public Works. The majority of program changes are discussed in detail in the division summaries. Following are highlights of department-wide changes.

Creation of the Operations Division: A new division will be created as part of the 2002 budget. The

Operations Division will combine the former Forestry, Sanitation and Buildings and Fleet Divisions. The new Operations Division will allow DPW to better utilize its personnel and equipment to gain efficiencies, while delivering the high levels of service that the residents of the City of Milwaukee expect. The division is explained in more detail in the "Operations Division" section of the *2002 Plan and Budget Summary*.

Technology Improvements: DPW will continue its efforts to improve city administration and service delivery through the use and enhancement of technology. In 2002 this will involve the purchase and installation of a new telephone system. The new telephone system will replace an outdated and unreliable system that the city has used for over 16 years.

CAPITAL IMPROVEMENTS

The 2002 capital improvements budget for the Department of Public Works totals approximately \$84.3 million (including Water, Parking, and Sewer Capital Funds). Major DPW capital projects include street resurfacing and reconstruction; facilities maintenance

and repair; and maintenance of the water and sewer systems. More detailed discussions of capital projects are included in division summaries, as well as the "Capital Improvements Funds" section of the *2002 Plan and Budget Summary*.

OUTCOME INDICATORS AND FUNDING

		2000 Experience	2001 Budget	2002 Projection
Objective 1:	Public Way Condition			
Outcome Indicator:	Street Pavement Condition Index.	6.50	5.50	5.50
	Alley Condition Index.	74	74	74
	Funding by Source:			
	Operating	\$10,718,668	\$9,528,075	\$10,758,575
	Capital	17,904,466	18,206,533	15,203,768
	Grant*	(19,864,806)	(33,850,818)	(17,612,873)
	Total:	\$28,623,134	\$27,734,608	\$25,962,343
Objective 2:	Bridge Condition			
Outcome Indicator:	Percentage of bridges rated above a condition rating of 50.	85.0%	81.0%	81.0%
	Funding by Source:			
	Operating	\$5,126,825	\$4,315,562	\$5,055,785
	Capital	293,593	2,864,000	2,676,166
	Grant*	(63,801,000)	(12,711,000)	(5,566,000)
	Total:	\$5,420,418	\$7,179,562	\$7,731,951
Objective 3:	Street Lights and Playgrounds			
Outcome Indicator:	Percentage of streets meeting IES standards.	92.8%	94.5%	94.5%
	Citizen satisfaction rating for playgrounds.	N/A	60.0%	60.0%
	Funding by Source:			
	Operating	\$9,587,949	\$8,516,742	\$8,250,149
	Capital	3,912,269	5,150,000	7,264,166
	Grant*	(0)	(383,000)	(0)
	Total:	\$13,500,218	\$13,666,742	\$15,514,315
Objective 4:	City Green Space			
Outcome Indicator:	Percentage of paving projects resulting in tree borders at least 5 feet wide.	N/A	86.0%	86.0%
	Percentage of paving projects resulting in boulevards at least 20 feet wide.	N/A	20.0%	20.0%
	Funding by Source:			
	Operating	\$0	\$0	\$0
	Capital	0	0	0
	Grant*	0	(0)	(0)
	Total:	\$0	\$0	\$0

* Indicator is eliminated in 2000 - DPW is working on a new indicator

		2000 Experience	2001 Budget	2002 Projection
Objective 5:	Boulevard Appearance			
Outcome Indicator:	Reduce the number of citizen complaints regarding the condition of boulevards to less than 50 per year*.	31.0%	50.0%	50.0%
	Funding by Source:			
	Operating	\$4,988,195	\$4,877,278	\$5,220,127
	Capital	457,403	470,000	932,228
	Total:	\$5,445,598	\$5,347,278	\$6,152,355
Objective 6:	Tree Mortality			
Outcome Indicator:	Tree mortality rate.	1.99	1.96	1.96
	Funding by Source:			
	Operating	\$8,162,183	\$7,903,385	\$8,780,794
	Capital	706,830	498,000	1,075,166
	Total:	\$8,869,013	\$8,401,385	\$9,855,960
Objective 7:	City Tree Coverage			
	The department has phased out this measure.			
Objective 8:	Snow and Ice Control			
Outcome Indicator:	Pounds of salt spread per street lane mile.	251	250	250
	Funding by Source:			
	Operating	\$10,110,018	\$3,249,790	\$7,731,934
	Capital	383	0	710,166
	Solid Waste Fund	0	4,174,555	0
	Total:	\$10,110,401	\$7,424,345	\$8,442,100
Objective 9:	Alternative Transportation			
Outcome Indicator:	Percentage of transportation budget spent on alternative transportation modes.	N/A	5.0%	5.0%
	Funding by Source:			
	Operating	\$0	\$0	\$0
	Capital	0	0	0
	Grant*	0	(0)	(0)
	Total:	\$0	\$0	\$0

* This indicator is eliminated in 2000. DPW is working on a new indicator

		2000 Experience	2001 Budget	2002 Projection
Objective 10:	Traffic Accidents			
Outcome Indicator:	Reduce the number of traffic accidents by 5%.	18,125	17,000	17,000
	Funding by Source:			
	Operating	\$5,306,285	\$4,511,680	\$4,989,103
	Capital	695,959	687,000	1,384,166
	Grant*	(0)	(0)	(0)
	Total:	\$6,002,244	\$5,198,680	\$6,373,269
Objective 11:	Automobile Use			
Outcome Indicator:	Number of vehicles entering and leaving downtown between 7 am and 7 pm.	N/A	301,600	301,600
	Number of people entering and leaving downtown between 7 am and 7 pm.	N/A	447,200	447,200
	Number of persons per automobile.	N/A	1.24	1.24
	Funding by Source:			
	Operating	\$0	\$0	\$0
	Capital	0	0	0
	Total:	\$0	\$0	\$0
Objective 12:	Solid Waste Reduction			
Outcome Indicator:	Residential solid waste land filled per capita (lbs.)	741	700	700
	Funding by Source:			
	Operating	\$4,476,181	\$1,692,546	\$4,820,613
	Capital	11,000	0	560,166
	Grant	(2,767,262)	(2,814,641)	(2,758,020)
	Solid Waste Fund	0	2,860,007	0
	Total:	\$4,487,181	\$4,552,553	\$5,380,779
Objective 13:	Drinking Water			
Outcome Indicator:	Percent compliance with Safe Drinking Water Act standards.	100.0%	100.0%	100.0%
	Funding by Source:			
	Operating	\$2,175,749	\$2,104,581	\$2,156,035
	Capital	8,496,700	14,275,000	15,610,166
	Water Works	56,625,231	58,985,439	60,289,607
	Total:	\$67,297,680	\$75,365,020	\$78,055,808

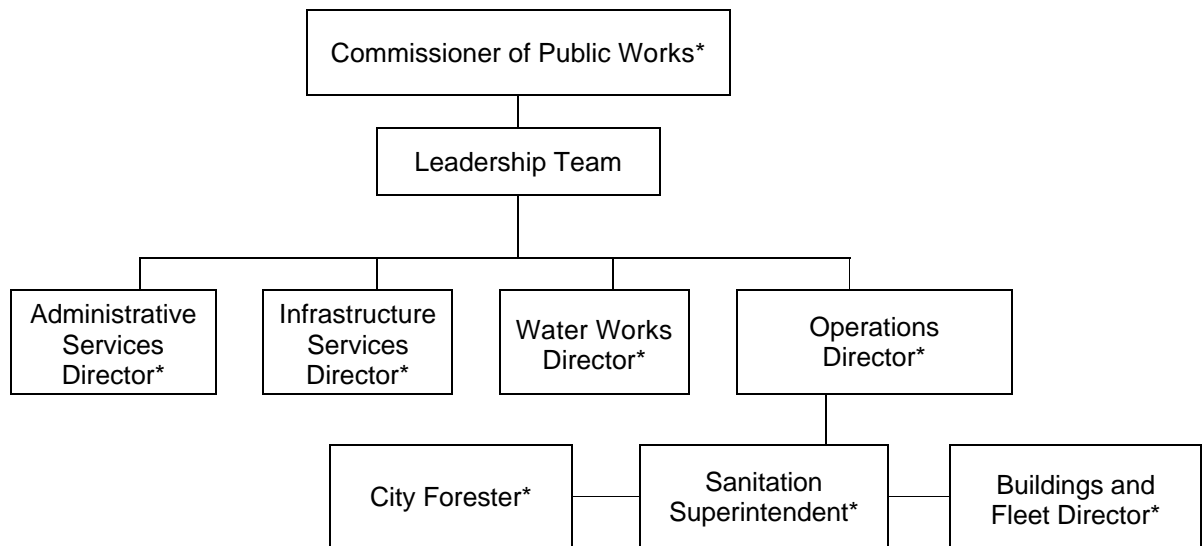
		2000 Experience	2001 Budget	2002 Projection
Objective 14:	City Cleanliness			
Outcome Indicator:	Maintain the overall cleanliness of the city as measured by the Photometric Index.	5.36	6.00	6.00
	Funding by Source:			
	Operating	\$38,686,669	\$8,889,613	\$35,826,615
	Capital	401,444	1,687,000	685,174
	Grant*	0	0	(150,000)
	Solid Waste Fund	0	28,506,975	0
	Total:	\$39,088,113	\$39,083,588	\$36,511,789
Objective 15:	Sewer System Services			
Outcome Indicator:	Sewer service backups.	78	45-55	45-55
	Street flooding incidents.	5,538	6,000	6,000
	Funding by Source:			
	Operating	\$1,967,287	\$1,817,523	\$2,247,476
	Capital	18,741,029	20,850,000	21,619,166
	Grant*	(663,500)	(1,090,100)	(100,000)
	Sewer Maintenance Fund	11,604,868	18,085,434	25,813,146
	Total:	\$32,313,184	\$40,752,957	\$49,679,788
Objective 16:	Sewer Water Quality			
Outcome Indicator:	Percent of DNR requirements met.	N/A	70.0%	70.0%
	Funding by Source:			
	Operating	\$0	\$0	\$0
	Grant*	0	(0)	(0)
	Capital	0	0	0
	Sewer Maintenance Fund	0	0	0
	Total:	\$0	\$0	\$0
This indicator eliminated in 2000. DPW working on a new indicator.				
Objective 17:	Building Services			
Outcome Indicator:	Percentage of city buildings with condition assessments.	60.0%	75.0%	75.0%
	Funding by Source:			
	Operating	\$10,402,379	\$11,062,924	\$11,318,748
	Capital	3,909,498	6,470,000	8,816,000
	Total:	\$14,311,877	\$17,532,924	\$20,134,748

		2000 Experience	2001 Budget	2002 Projection
Objective 18:	Communication Services			
Outcome Indicator:	Percentage of customers satisfied with communication services.	N/A	90.0%	90.0%
	Funding by Source:			
	Operating	\$941,715	\$598,102	\$1,492,182
	Capital	932,000	950,000	6,941,166
	Total:	\$1,873,715	\$1,548,102	\$8,433,348
Objective 19:	Parking Regulation			
Outcome Indicator:	Percentage change in net operating revenue.	-39.00%	29.0%	29.0%
	Funding by Source:			
	Operating	\$2,910,980	\$541,998	\$549,672
	Capital	3,775,655	1,750,000	822,000
	Parking Fund	16,993,245	25,096,117	25,230,266
	Total:	\$23,679,880	\$27,388,115	\$26,601,938

* State and federal grants for infrastructure projects are not reflected in objective totals because the city does not control the expenditure of these funds.

Note: Objective funding does not include Parking capital improvements funded from the Permanent Reserve Fund.

Objectives reflecting Enterprise Fund expenditures are overstated due to duplication of appropriations in operation divisions.

ORGANIZATION CHART

* Positions included in Department of Public Works Leadership Team.

OPERATING BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	1,300.02	902.92	1,267.90	364.98
FTEs - Other	373.78	410.70	454.35	43.65
Total Positions Authorized	3,454	2,349	3,430	1,081
DLH - Operations and Maintenance	2,340,034	1,619,065	2,271,612	652,547
DLH - Other Funds	672,804	800,662	818,180	17,518
EXPENDITURES				
Salaries and Wages	\$56,184,188	\$35,807,511	\$55,378,478	\$19,570,967
Fringe Benefits	16,983,956	11,816,480	18,850,542	7,034,062
Operating Expenditures	36,591,740	18,161,943	33,365,164	15,203,221
Equipment	5,798,510	3,822,365	1,602,124	-2,220,241
Special Funds	<u>2,689</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
TOTAL	\$115,561,083	\$69,609,799	\$109,197,808	\$39,588,009
REVENUES				
Charges for Services	\$10,698,104	\$7,092,824	\$26,725,100	\$19,632,276
Licenses and Permits	1,344,488	1,003,700	1,168,900	165,200
Miscellaneous	<u>214,473</u>	<u>223,000</u>	<u>215,300</u>	<u>-7,700</u>
TOTAL	\$12,257,065	\$8,319,524	\$28,109,300	\$19,789,776

CAPITAL PROJECTS - DPW will expend \$51,027,664 on capital improvement projects. See the Capital Improvements Section of the 2002 Plan and Budget Summary for details.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL*				
FTEs - Operations and Maintenance	1,818.65	1,903.13	1,879.19	-23.94
FTEs - Other	411.97	493.03	496.24	3.21
Total Positions Authorized	4,155	4,161	4,139	-22
DLH - Operations and Maintenance	3,273,559	3,384,913	3,337,632	-47,281
DLH - Other Funds	741,530	944,252	893,574	-50,678
EXPENDITURES GENERAL CITY PURPOSES				
Administrative Services	\$7,253,338	\$4,382,776	\$4,976,350	\$593,574
Buildings and Fleet Services	38,626,751	34,472,881	0	-34,472,881
Forestry	10,011,985	9,867,589	0	-9,867,589
Infrastructure Services	23,519,051	20,886,553	22,994,302	2,107,749
Operations	0	0	81,227,156	81,227,156
Sanitation	<u>36,149,958</u>	<u>0</u>	<u>0</u>	<u>0</u>
SUBTOTAL-GENERAL CITY PURPOSES	\$115,561,083	\$69,609,799	\$109,197,808	\$39,588,009
WATER WORKS (Public Utility)				
Operating Budget	\$56,625,231	\$58,985,439	\$60,289,607	\$1,304,168
Capital Improvements Program	<u>8,496,700</u>	<u>14,275,000</u>	<u>15,050,000</u>	<u>775,000</u>
TOTAL WATER WORKS**	\$65,121,931	\$73,260,439	\$75,339,607	\$2,079,168
PARKING BUDGET				
Operating and Maintenance Budget	\$16,993,245	\$25,096,117	\$25,230,266	\$134,149
Capital Improvements	0	1,750,000	822,000	-928,000
Addition to Parking Reserves	0	0	903,832	903,832
Transfer to the General Fund	0	15,041,085	8,250,000	-6,791,085
Capital Improvements to be Financed from Permanent Improvement Reserve Fund - Parking	<u>3,775,655</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>0</u>
TOTAL PARKING BUDGET	\$20,768,900	\$46,887,202	\$40,206,098	\$-6,681,104
SOLID WASTE FUND				
Operating and Maintenance Budget	\$0	\$35,541,537	\$0	\$-35,541,537
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL SOLID WASTE FUND BUDGET	\$0	\$35,541,537	\$0	\$-35,541,537
SEWER MAINTENANCE FUND				
Operating and Maintenance Budget	\$11,604,868	\$18,085,434	\$25,813,146	\$7,727,712
Capital Improvements	<u>7,627,875</u>	<u>15,300,000</u>	<u>17,400,000</u>	<u>2,100,000</u>
TOTAL SEWER FUND BUDGET	\$19,232,743	\$33,385,434	\$43,213,146	\$9,827,712
GRAND TOTAL-DEPARTMENT OF PUBLIC WORKS	\$220,684,657	\$258,684,411	\$267,956,659	\$9,272,248

* Personnel totals reflect Operating Divisions, Water Works, Sewer Maintenance Fund, Solid Waste Fund and Parking Fund.

** Does not include retained earnings.

DETAILED LISTING OF POSITION AND FULL TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full time equivalents (FTEs) as follows:

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
ADMINISTRATIVE SERVICES DIVISION						
-1	-0.50	-0.50	\$-63,407	\$-63,407	Deputy Commissioner	Position transferred to Operations Division (retitled).
-1	-1.00		\$-73,118		Supervising Engineer (Y)	Positions Eliminated
-1	-1.00		\$-28,831		Engineering Drafting Tech IV	
-1	-1.00		\$-51,987		Public Works Inventory Manager	Position reclassified.
1	1.00		\$59,199		Public Works Inventory and Purchasing Manager	
-1	-1.00		\$-50,066		Personnel Analyst - Senior	
1	1.00		\$50,067		Inventory and Purchasing Coordinator	
1	1.00		\$34,007		Network Coordinator - Project Assistant	Position Created
0	1.00				Various Positions	Miscellaneous adjustment.
INFRASTRUCTURE SERVICES DIVISION						
ADMINISTRATION DECISION UNIT						
-1	-0.93	-0.07	\$-23,004	\$-1,731	Office Assistant II	Position eliminated.
TRANSPORTATION DECISION UNIT						
CONSTRUCTION DECISION UNIT						
-1	-1.00	0.00	\$0	\$0	Management Civil Engineer Senior	Unfunded position eliminated.
FIELD OPERATIONS - STREETS/ BRIDGES OPERATIONS DECISION UNIT						
-1	-1.00	0.00	\$-50,611		Field Operations Inspection Specialist	Position reclassified
1	1.00	0.00	\$55,913		Field Operations Inspection Specialist	
FIELD OPERATIONS - ELECTRICAL SERVICES DECISION UNIT						
1	1.00	0.00	\$57,208		Electrical Services Manager - Senior	Positions reclassified.
-1	-1.00	0.00	\$-53,660		Lighting Services Manager	
-1	-1.00	0.00	\$-48,922		Electrical Mechanic	Position eliminated.
-5	-5.00	0.00	\$-142,475		City Laborer Regular	Positions reclassified.
4	4.00	0.00	\$124,240		Special Laborer, Electrical Services	
1	1.00	0.00	\$29,005		Laborer, Electrical Services	
FIELD OPERATIONS - SUPPORT SERVICES DECISION UNIT						
1	1.00	0.00	\$35,106		Inventory Assistant V	Positions reclassified.
-3	-3.00	0.00	\$-91,803		Infrastructure Stores Clerk IV	
4	4.00	0.00	\$136,465		Inventory Assistant IV	
-5	-5.00	0.00	\$-93,141		Infrastructure Stores Clerk III	
3	3.00	0.00	\$100,549		Inventory Assistant III	
-7	-7.00	0.00	\$-202,788		Infrastructure Stores Clerk II	
7	7.00	0.00	\$223,596		Inventory Assistant II	

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
1	1.00	0.00	\$0		Inventory Assistant V	Positions reclassified.
-1	-1.00	0.00	\$0		Infrastructure Stores Clerk IV	
1	1.00	0.00	\$0		Inventory Assistant IV	
-1	-1.00	0.00	\$0		Infrastructure Stores Clerk III	
1	1.00	0.00	\$0		Inventory Assistant III	
-1	-1.00	0.00	\$0		Infrastructure Stores Clerk II	
0	-0.85	4.47			Various positions	Miscellaneous adjustment.
OPERATIONS DIVISION						
ADMINISTRATION SECTION						
					Various Positions	All positions from Buildings and Fleet Division Administration Section transferred to Operations Division Administration Section.
1	1.00		\$126,814		Operations Division Director	Former Deputy Commissioner position transferred from DPW Administration Division to Operations Division.
1	1.00		\$102,382		Administration and Projects Manager	Transferred from Solid Waste Fund to Operations Division.
-1	-1.00		\$-30,446		Accounting Assistant II	Buildings and Fleet Division position reclassified and transferred to Operations Division.
1	1.00		\$35,951		Program Assistant II	
-1	-1.00		\$-26,395		Office Assistant III	
1	1.00		\$34,041		Program Assistant I	
-1	-1.00		\$-40,287		Security Manager	
1	1.00		\$45,577		Security Manager	
-1	0.00		\$0		Personnel Payroll Assistant I (Aux.)	
-1	0.00		\$0		Accounting Assistant I (Aux.)	
1	0.00		\$0		Program Assistant I (Aux.)	
1	0.00		\$0		Program Assistant II (Aux.)	
FLEET SERVICES SECTION						
					Various Positions	All positions from Buildings and Fleet Division Fleet Services Section transferred to Operations Division Fleet Services Section.
-1	-1.00		\$-48,056		Auto Mechanic Supervisor I	Position eliminated upon incumbent's retirement.
1	1.00		\$46,352		Network Analyst Associate	Position created to manage Fleet Services computers and transferred to Operations Division.
-1	-1.00		\$-30,884		Auto Mechanic Helper	Buildings and Fleet Division position reclassified and transferred to Operations Division.
1	1.00		\$39,307		Vehicle Service Technician-Heavy	

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
	9.16	-9.16			Various Positions	Adjustment in reimbursable services deduction.
	-3.46	2.26			Various Positions	Miscellaneous adjustments.
FLEET OPERATIONS SECTION						
					Various Positions	All positions from Buildings and Fleet Division Fleet Operations Section transferred to Operations Division Fleet Operations Section.
-22	-22.00		\$-771,628		Special Equipment Operator	Buildings and Fleet Division position reclassified and transferred to Operations Division.
-20	-20.00		\$-657,277		Truck Driver (3.5 tons and over)	
-42	-42.00		\$-1,362,556		Driver Worker	
-2	-2.00		\$-71,240		Equipment Operator/Worker	
86	80.00	6.00	\$2,820,452	\$211,534	Equipment Operator	
-1	-1.00		\$-32,867		Truck Driver (3.5 tons & over)	
1	1.00		\$42,066		Driver Training Instructor	
-3	-3.00		\$-86,934		Garage Attendant	
3	3.00		\$106,155		Garage Custodian	
-31					Special Equipment Operator (Aux.)	
-25					Truck Driver (Winter Relief) (Aux.)	
-3					Driver Worker (Aux.)	
59					Equipment Operator (Aux.)	
	-8.00	8.00			Special Equipment Operator	Reimbursable services deduction payment from Sewer Fund for Street Sweeping Program
		2.55			Various positions	Block Grant funding for Box Program.
		-0.05			Various positions	Adjustment in reimbursable services deduction.
	-7.50				Various positions	Personnel cost adjustment.
					Various positions	Miscellaneous adjustment.
DESIGN/CONSTRUCTION SECTION						
					Various Positions	All positions from Buildings and Fleet Division Design/Construction Section transferred to Operations Division Design/Construction Section.
-1	-1.00		\$-38,979		Engineering Tech IV (Aux.)	Buildings and Fleet Division position reclassified and transferred to Operations Division.
1	1.00		\$39,747		Engineering Drafting Tech IV	
FACILITIES MANAGEMENT SECTION						
					Various Positions	All positions from Buildings and Fleet Division Facilities Management Section transferred to Operations Division Facilities Management Section.
-1	-1.00		\$-34,041		Engineering Drafting Tech IV	Buildings and Fleet Division position reclassified and transferred to Operations Division.
1	1.00		\$38,504		Engineering Tech IV	

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
1	1.00		\$37,357		Electrical Worker	Buildings and Fleet positions created and transferred to Operations Division.
1	1.00		\$33,723		Laborer/Electrical Services	
-1	-1.00		\$-45,406		Carpenter	Vacant positions eliminated.
-2	-2.00		\$-58,912		Mason Helper	
-1	-1.00		\$-30,446		Stores Clerk III	Buildings and Fleet Division position reclassified and transferred to Operations Division.
-1	-1.00		\$-32,080		Inventory Control Assistant IV	
-1	-1.00		\$-32,080		Infrastructure Stores Clerk IV	
3	3.00		\$108,054		Inventory Assistant IV	
-1	-1.00		\$-28,402		Stores Clerk I	
-1	-1.00		\$-29,729		Electrical Parts Clerk II	
-1	-1.00		\$-28,402		Infrastructure Stores Clerk II	
3	3.00		\$93,454		Inventory Assistant II	
-1	0.00		\$-0		Mech Maintenance Supervisor (Aux.)	
1	0.00		\$0		Building Services Supervisor (Aux.)	
-1	0.00		\$-0		Custodian Supervisor I (Aux.)	Buildings and Fleet positions consolidated and transferred to Operations Division.
1	0.00		\$0		Inventory Assistant IV (Aux.)	
-1	0.00		\$-0		Electrical Mechanic (Aux.)	Buildings and Fleet positions consolidated and transferred to Operations Division.
2	0.00		\$0		Electrical Worker (Aux.)	
		-5.54			Various positions	Adjustment in reimbursable services deduction.
		-3.49			Various positions	Adjustment in capital deduction.
	-1.10				Various positions	Personnel cost adjustment.
	4.20	6.43			Various positions	Miscellaneous adjustment.
FORESTRY SECTION						All positions from DPW Forestry Division transferred to Operations Division Forestry Section.
					Various Positions	
-6	-2.00		\$-28,342		Urban Forestry Laborer(Seasonal)	Positions eliminated due to reduced frequency of herbicide treatment of boulevards.
-1	-1.00		\$-72,748		City Forestry Services Manager (Y)	Position deleted due to creation of Operations Division.
SANITATION SECTION						Positions transferred from DPW-Solid Waste Fund to DPW-Operations Sanitation Section.
1	1.00		\$116,309		Sanitation Services Superintendent (Y)	
1	1.00		\$93,396		Operations Manager (Y)	
1	1.00		\$84,553		Resource Recovery Manager	
1	1.00		\$34,645		Program Assistant II	
2	2.00		\$67,932		Communications Assistant IV	

Positions	O&M FTEs	Non O&M FTEs	Oper. Funding	Non-Oper. Funding	Position Title	Reason
1	1.00		\$32,166		Administrative Assistant I	Positions transferred from DPW-Solid Waste Fund to DPW-Operations Sanitation Section.
1	0.50		\$12,122		Graduate Intern	
1	1.00		\$49,854		Business Operations Manager	
2	2.00		\$60,319		Accounting Assistant II	
-1	-1.00		\$-29,812		Administrative Assistant I*	Reclassification of positions from DPW-Solid Waste Fund, transferred to DPW Operations Sanitation Section.
-1	-1.00		\$-23,697		Office Assistant II*	
2	2.00		\$60,319		Accounting Assistant II*	
-1	-1.00		\$-61,451		Sanitation Survey Coordinator*	DPW-Solid Waste Fund position eliminated and not transferred to DPW Operations Sanitation Section.
3	3.00		\$224,647		FIELD OPERATIONS Sanitation Area Manager (Y)	Positions transferred from DPW-Solid Waste Fund to DPW-Operations Sanitation Section.
6	6.00		\$381,431		Sanitation District Manager	
1	1.00		\$61,451		Sanitation Shop Supervisor	
27	27.00		\$1,445,751		Sanitation Supervisor	
6	6.00		\$197,487		Field Headquarters Coordinator	
110	110.89		\$3,527,524		Sanitation Worker	
5	5.00		\$164,572		Utility Crew Worker	
4	4.00		\$128,274		Cart Maintenance Technician	DPW-Solid Waste Fund positions eliminated and not transferred to DPW Operations Sanitation Section.
-3	-3.00		\$-153,155		Sanitation Supervisor*	
0		0.00	\$42,255	\$-42,255	Equipment Operator (D)*	Change in recycling grant funding.
131	98.25	32.75	\$5,027,481	\$1,231,986	Equipment Operator (D)	Driver Loader positions reclassified and transferred from DPW-Solid Waste Fund to DPW-Operations Sanitation Section.
5					AUXILIARY PERSONNEL Sanitation Supervisor	Positions transferred from DPW-Solid Waste Fund to DPW-Operations Sanitation Section.
48					Sanitation Worker	
500					Emergency City Laborer	
1					Sanitation District Manager	
36					Sanitation Crew Leader (Snow)	
148					Driver/Loader - Relief	
19					Sanitation Worker - Relief	
1					Field Headquarters Coordinator	
28					Sanitation Supvr (Winter Relief)	
1					Sanitation Area Manager	
	112.32		\$2,758,654		Auxiliary Positions	
1,081	364.98	43.65	\$14,213,213	\$1,336,127	TOTAL	

* DPW-Solid Waste Fund positions not included in the above position and FTE totals.

DEPARTMENT OF PUBLIC WORKS

ADMINISTRATIVE SERVICES DIVISION

EXECUTIVE SUMMARY

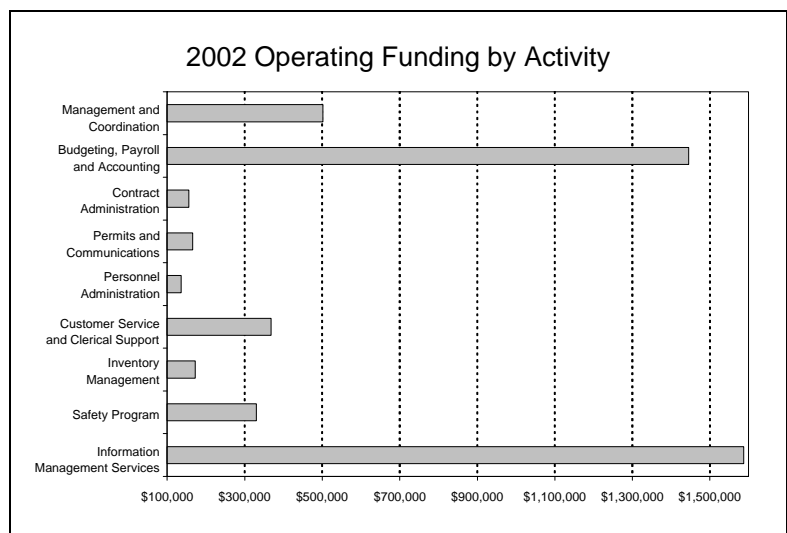
STRATEGIC ISSUES:	Provide administrative support, guidance, and direction for all of the department's strategic issues. These strategic issues are specified in the Department of Public Works (DPW) summary.
INITIATIVES FOR 2002:	Continue to improve services of the Call Center through technology enhancements. Support the Community Safety Wide Area Network (CSWAN). Begin replacement of the city's telephone's system. Continue to improve the reimbursable process.

BACKGROUND

The Administrative Services Division was created as a part of the 1996 Department of Public Works reorganization and consists primarily of components of the former Administration Division. During 1996, the Department of Public Works began to consolidate administrative functions within the Administrative Services Division. This process was continued in 1997 as all levels of DPW Administrative staff worked to complete an implementation plan for the reorganization of administrative activities.

The consolidation of administrative activities within the Administrative Services Division was approved by the Common Council and Mayor in the 1998 budget. These activities include budget preparation and control, accounting, payroll, human resources, purchasing and inventory, information systems and establishment of a citizen call center. This consolidation allowed the department to reduce administrative staffing levels by 20 positions.

Figure 1



The Administrative Services Division's 2002 budget includes operating funds totaling \$5 million. Most of the division's activities serve to support the efforts of other Public Works divisions to achieve their objectives. Therefore, costs of the Administrative Services Division's activities are distributed across all DPW objectives. Figure 1 provides a breakdown of funding by the division's activities.

PROGRAMS AND ACTIVITIES

- Administrative management and coordination
- Planning, budgeting, payroll, and accounting
- Contract administration
- Public information and special event permits

- Personnel administration
- Customer service through the Call Center
- Inventory management
- Safety program
- Technology support services
- Parking Fund administration and management

PROGRAM CHANGES

Community Safety Wide-Area Network: The Technology Support Services Section of the Administrative Services Division will provide network design assistance and 24/7/365 support to the Community Safety Wide-Area Network (CSWAN). This network will support public safety requirements for voice, radio, video, and data over multiple high-speed communication links. This network is designed for virtual 100% reliability. This reliability is critical to the Milwaukee Police and Fire Departments' ability to provide community safety. CSWAN will include the Milwaukee Police Department telephone system and other police communication systems, Fire Department dispatching and water and sewer system control and data access systems. In addition to Police, Fire and DPW the network will provide data services for Health, DNS, Port, Municipal Court and the Milwaukee Public Library. Three positions in the Technology Section will support CSWAN in addition to their other duties, including a Telecommunication Analyst-Project Leader (reclassified in 2001), Telecommunications Analyst-Associate and Network Coordinator-Assistant. In addition the 2002 budget includes \$280,000 for a vendor maintenance agreement related to the CSWAN project.

Call Center: In 2000, the Call Center logged 147,000 service requests. In 2001, the number of service requests projected through year-end is 180,000, a 22% increase. Of these service requests, 56% are dispatched to field locations for resolution and 25% are resolved immediately upon receipt by the Call Center staff. This eliminates the need to forward requests to the divisions and allows the divisions to more efficiently respond to the forwarded requests.

In 2001, the data system used to log service requests was enhanced. The Technology Support Services Section and the Call Center staff will collaborate to further automate the system to a centralized, web-based system. This will allow the Call Center staff to enter the service request data and send the request electronically to the responsible division. Division

staff will be responsible for fulfilling the service request and entering information regarding the resolution of the request. This enhancement will allow access to data by both operations and management staff on a daily basis and also provide immediate information on the number, type and location of all service requests and response times. In addition, it is envisioned that the City Hall operator will utilize the same database and process service requests similarly.

Computer Application Development: In 2002, the Technology Support Services Section and the Finance and Planning Section will continue working with DOA-ITMD and the Comptroller's Office on developing a citywide Invoice/Accounts Receivable application. In 2000, DPW developed an Invoice/Accounts Receivable application, similar in design to the time entry program. DPW will work with the aforementioned departments to determine whether or not the system is appropriate to implement citywide. DPW is rebuilding the Public Way Permit System for the Development Center to replace the existing system.

Changes to the Reimbursable Process: DPW uses reimbursable transactions to account for work performed for other departments and DPW divisions as well as processing utility payments. In 2001, KMPG audited the city's reimbursable process and issued several recommendations including reducing the number of transactions, eliminating redundant entry of data and better utilizing FMIS functionality. DPW-Administration has begun to implement several changes to the reimbursable process including using FMIS to track internal billings to other city departments and using the Invoice/Accounts Receivable program to generate billings for job orders and for rate generation. DPW is committed to the continual improvement of the reimbursable process and will implement changes where necessary.

Computer Replacement: The 2002 budget includes \$55,000 for replacement of 25 computers. Department of Public Works employees rely on more than 600 personal computers in order to efficiently provide services to the public. Funding to replace broken or obsolete equipment is critical to the continued operation of DPW's computer network.

Other Position Changes: The 2002 budget includes the reclassification of one Public Works Inventory Manager to Public Works Inventory and Purchasing

Manager and one Personnel Analyst Senior position to Inventory and Purchasing Coordinator. The 2002 budget also eliminates one Electrical Drafting Tech IV, one Supervising Engineer and one Accounting Assistant I (auxiliary) position. In addition one Accounting Assistant I position was created as part of the 2002 budget.

As a result of the new Operations Division, the Deputy Commissioner position in DPW Administrative Services is re-titled to Operations Director and transferred to the Operations Division.

CAPITAL IMPROVEMENTS

Public Safety Communications: The 2002 capital budget includes \$621,000 for the continuation of an existing program, which began in 1987, to interconnect the majority of the city's 200 buildings into a Wide Area Network (WAN) for telephone and data communications. It also provides video security and telemetering systems. The ultimate result will interconnect all city communications facilities.

New City Telephone System: Planning will continue for the replacement of the city's 16 year old Rolm telephone switch which serves 4,000 phones, faxes, modems and other devices. Staff has explored new telephone systems that are able to provide a variety of new features. The cost of the new telephone system will be approximately \$5,000,000.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	52.88	58.90	58.40	-0.50
FTEs - Other	7.66	9.10	8.60	-0.50
Total Positions Authorized	71	73	71	-2
DLH - Operations and Maintenance	95,189	106,020	105,120	-900
DLH - Other Funds	13,789	12,848	15,480	2,632
EXPENDITURES				
Salaries and Wages	\$2,690,949	\$2,657,815	\$2,794,145	\$136,330
Fringe Benefits	817,385	877,079	974,869	97,790
Operating Expenditures	3,735,116	795,132	1,150,836	355,704
Equipment	8,939	51,250	55,000	3,750
Special Funds	949	1,500	1,500	0
TOTAL	\$7,253,338	\$4,382,776	\$4,976,350	\$593,574
REVENUES				
Charges for Services	\$1,329,471	\$1,351,024	\$1,209,500	\$-141,524
Licenses and Permits	1,344,488	1,003,700	1,168,900	165,200
Miscellaneous	0	0	0	0
TOTAL	\$2,673,959	\$2,354,724	\$2,378,400	\$23,676

CAPITAL PROJECTS - Includes \$5,621,000 for the following projects:

- a. Public Safety Communications - \$621,000
- b. City Telephone Switch Replacement - \$5,000,000

DEPARTMENT OF PUBLIC WORKS INFRASTRUCTURE SERVICES DIVISION

EXECUTIVE SUMMARY

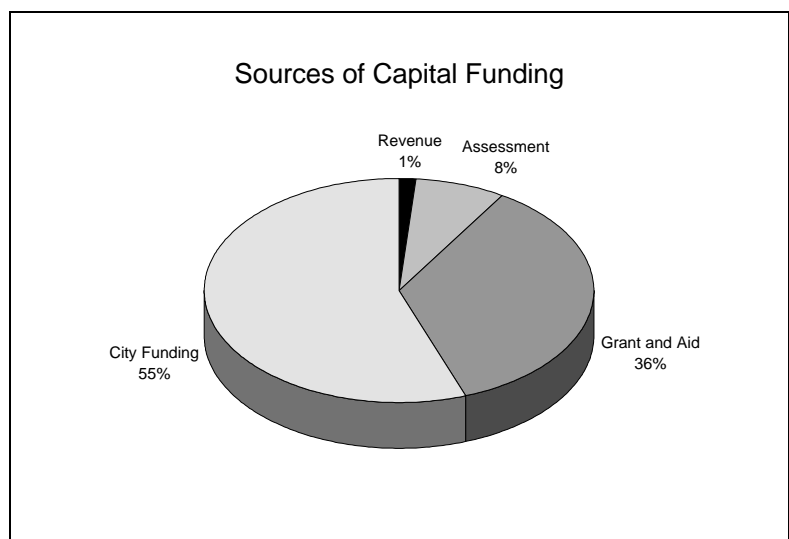
STRATEGIC ISSUES:	Provide a transportation system that efficiently distributes travel between mass transit, automobiles, and other modes of transportation.
	Increase accessibility to employment throughout the region.
	Improve air and water quality to meet federal requirements.
	Improve the attractiveness of neighborhoods.
INITIATIVES FOR 2002:	Improve efficiencies in various operations through consolidation and/or reallocation of workloads.
	Improve efficiencies within the division by correct allocation of fees to proper divisions, funds, and projects.
	Continue with the Sixth Street Viaduct replacement project.
	Proceed with the Park East Freeway spur removal.
	Conduct a downtown major pedestrian corridors study and downtown connector study.
	Enlist private developers to perform design and engineering work for development projects.

BACKGROUND

The Infrastructure Services Division is responsible for design, construction, and maintenance of the city's infrastructure systems, including streets and alleys, bridges, sewers, sidewalks, traffic control devices, street lights, and underground conduits. In addition, the division coordinates transportation improvements with other governmental agencies and railroad companies. The division also undertakes engineering studies and investigates various permits, plans, and easements.

In 2002, the Infrastructure Services Division will control approximately \$23 million in operating funds and \$28.7 million in capital funds (in addition, \$23.3 million in state and federal aid assists in funding the city's infrastructure needs). The primary sources of capital funding are the city's property tax and

Figure 1



federal and state grants and aid, which together constitute 71.1% of Infrastructure Services total capital budget. Other sources of funding include special assessments and revenue. Sources of capital funding are shown in Figure 1.

Although the Infrastructure Services Division receives a significant amount of grant and aid, these

funds are used primarily for two capital programs: the Major Bridge Program and the state- and federal-aided Major Street Improvements Program. Grant and aid funds constitute 73.9% of the bridge program and 74.1% of the street program, enabling the city to preserve and maintain its street and bridge systems, critical components of the overall infrastructure system.

DPW OBJECTIVE 1

Ensure that the surface transportation system provides a safe, attractive, and efficient means to maintain the economic vitality of the city, complement land use development, serve the needs of the business community, and preserve residents' quality of life.

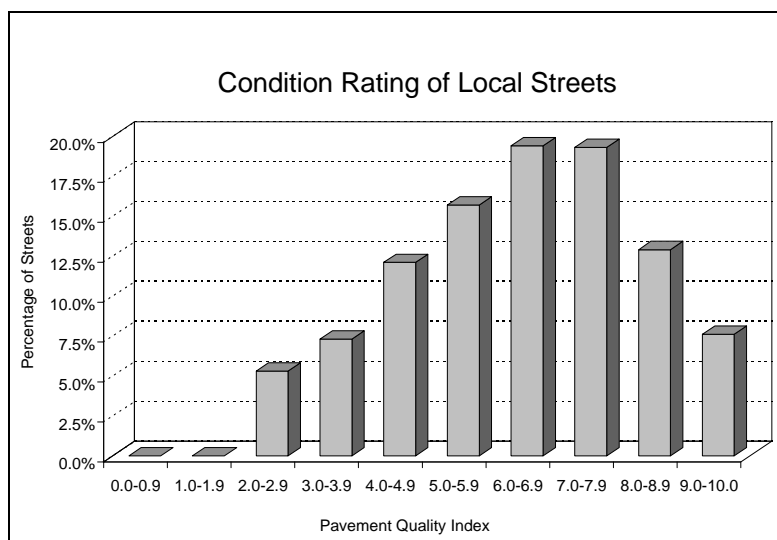
OUTCOME HISTORY (see page 175)

Many of the Infrastructure Services Division's activities are designed to improve the condition of the city's surface public ways (primarily streets and alleys). Activities include resurfacing or reconstructing existing pavement, curb and gutter, and constructing new streets as part of residential, commercial, and industrial development. The 2002 budget includes \$10.8 million in operating funds and \$32.8 million in capital and grant funds for this objective. Operating funds include approximately \$8.1 million for Infrastructure, \$2.4 million for Operations, and \$229,000 for Administration. Infrastructure's budget includes \$14.6 million in capital and \$17.6 million in grant funding. This level of funding will pave 2.66 miles of arterial, collector and local streets, and 2.77 miles of alleys.

Maintaining safe and efficient surface public ways furnishes residents with access to employment, goods and services, and also provides a way for businesses to transport goods to their customers. The objective is measured through a Pavement Quality Index (PQI), which rates street conditions on a scale of 2 to 10 based upon visual observations, historic records, and non-destructive testing on non-residential streets.

In 2000, the city hired a consultant to collect new data and update the Pavement Management Administration Database. Figure 2 represents this newly collected data. Infrastructure Services will recalibrate

Figure 2



the Pavement Management Administration Software to utilize this new data.

PQI ratings are calculated for two general street categories: locals and collectors/arterials. Each category has a minimum acceptable PQI. A rating below the minimum indicates that the street requires rehabilitation or reconstruction. Minimum acceptable ratings range from 4.0 for local streets to 5.5 for collectors/arterials. The minimum PQI level for collectors/arterials is higher than that of local streets because of their greater importance in providing access to goods and services, and employment. In 2000 the average PQI rating was 6.4 for local streets. The majority of local streets, 87.4%, are rated above the minimum PQI and 7.6% are rated above 9.0.

Infrastructure Services has also collected data to develop a similar condition index to evaluate the condition of alley pavement. Infrastructure Services will use the knowledge gained from working on the Street Pavement Management Program to monitor the quality of the city's alley system.

Although pavement condition is a critical outcome measure, maintaining pavements in an acceptable condition is not the only objective for Infrastructure Services' street, alley, and sidewalk programs. These programs are also intended to improve and maintain the livability of city neighborhoods while reducing the environmental impact of the automobile. Progress toward meeting these goals is more difficult to measure, as these goals are more intangible than the actual physical condition of pavements. However, the division supports these goals in two ways:

1. The division uses paving projects to increase city green space. In conjunction with the city's Street-Paving Program, the Infrastructure Services Division determines whether the borders for trees and boulevards can be increased, thereby improving the quality of the city's public spaces.
2. The division encourages the use of alternative modes of transportation. By enhancing pedestrian and bicycle mobility in neighborhoods, reliance on the automobile is lessened. This, in turn, contributes to reduced traffic congestion and enhanced air quality. Spending on alternative modes of transportation includes funding earmarked for sidewalk and handicap pedestrian ramps, bicyclists, transit, and other clean air activities. The division continues to seek external funding sources for this purpose.

PROGRAMS AND ACTIVITIES

- Street Paving Program
 - State and/or federal paving
 - Reconstruction and resurfacing
 - New street construction
 - Developer-financed new street construction
- Street maintenance
 - Crack filling and repairing
 - Pothole patching
 - Seal coating

- Alley resurfacing and reconstruction
- Alley maintenance
 - Pothole patching
 - Surface patching
- Sidewalk replacement
- Bicycle Task Force
- Bicycle, Transit, and Rideshare Enhancement Program

PROGRAM CHANGES

Position Changes: In the Administration Section, one vacant Office Assistant II position is eliminated and a vacant Engineering System Specialist position is not funded. In addition, one previously unfunded Microcomputer Services Assistant is funded. In the Construction Section one vacant Management Civil Engineer Senior position is eliminated.

In the Street and Bridge Operations Decision Unit, one Sewer Maintenance Scheduler was eliminated. In addition, one Field Operations Inspection Specialist (pay grade 4) was reclassified to a Field Operations Inspection Specialist (pay grade 5).

Community Development Block Grant Funds: The 2002 budget includes \$150,000 in Community Development Block Grant (CDBG) funds for infrastructure projects. The funds will be used for capital improvement projects in areas that qualify for CDBG funds.

Bicycle Trails: The division plays a significant role for the city in planning and implementing new off-road bicycle paths. The division is currently working on several bicycle trails, including the Kinnickinnic Bicycle Trail along the Kinnickinnic River and the Beer Line "B" along the Milwaukee River. The 2002 budget includes \$3,060,000 in funding for the Kinnickinnic Bicycle Trail and two legs of the Henry Aaron Bike Trail. Federal Congestion Mitigation and Air Quality grant dollars are being used to fund 80% of this cost.

CAPITAL IMPROVEMENTS

The Infrastructure Services Division manages six capital programs that provide financing to preserve and maintain the city's street, alley, and sidewalk system. In managing capital funds, the division strives to achieve a standard considered safe for motorists and pedestrians, while controlling annual maintenance costs. In 2002, \$14.6 million is allocated

in Infrastructure Service's budget for ensuring public ways are kept in acceptable condition. This includes \$10.5 million (71.9%) in city funding; \$3.7 million (25.4%) in special assessments; and \$400,000 (2.7%) in revenue. In addition, \$17.6 million in state and federal aid will fund these programs.

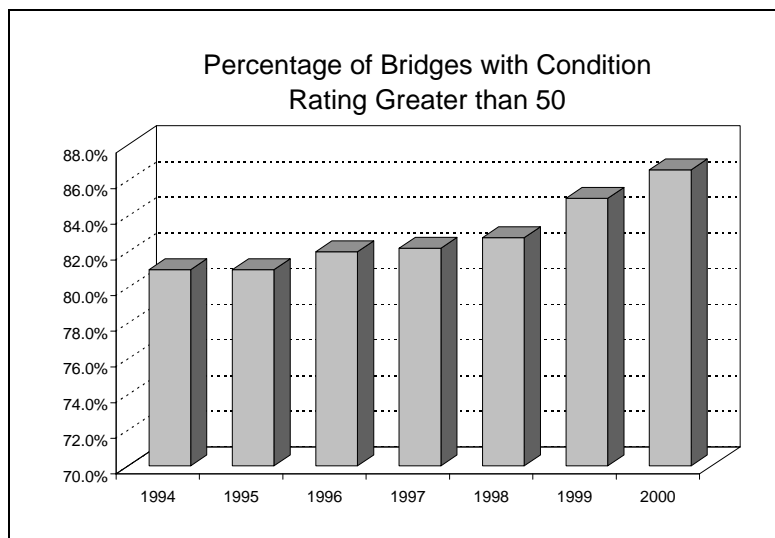
DPW OBJECTIVE 2

Provide safe and efficient infrastructure systems by maintaining 81% of bridges at a condition rating greater than 50 in 2002.

OUTCOME HISTORY (see page 175)

As part of its efforts to provide safe and efficient public ways, Infrastructure Services Division operates and maintains the city's 216 bridges. The purpose of the bridge program is to preserve and maintain a bridge system that meets the needs of the city, ensures the safety of motorists and provides for efficient movement of vehicles, people, and commodities. The 2002 operating budget includes total funding of \$5.1 million for this objective, including funding of \$3.7 million in Infrastructure Service's budget, \$108,000 in Administrative Services, and \$1.3 million in Operations. There is also \$8.7 million in capital and grant funding allocated for this objective.

The division measures the condition of bridges using a sufficiency condition rating ranging from 0 to 100. Ratings are conducted every two years through mandatory physical bridge safety inspections. In 2000, 86.5% of the rated bridges had a sufficiency rating above 50. As Figure 3 shows, since 1994 bridge condition ratings have improved, indicating the division is maintaining bridges at a satisfactory level.

Figure 3**ACTIVITIES**

- Bridge Reconstruction Program
- Bridge repair and maintenance
- Operation of the city's movable bridge system, including automated openings

PROGRAM CHANGES

As a result of efficiencies gained in the Bridge Maintenance and Operation area, a vacant Bridge and Iron Painter Supervisor position is eliminated. The duties of this position will be assumed by the Bridge Maintenance Manager and Bridge Ironworker.

CAPITAL IMPROVEMENTS

The Infrastructure Services Division manages the major bridge program, which finances bridge rehabilitation and reconstruction improvements. This program utilizes state, county, and federal grant

funds in order to minimize the city's costs. In 2002, \$2.7 million in city funding has been budgeted for this objective. In addition, \$5.6 million in state and federal aid for various bridge projects is provided.

DPW OBJECTIVE 3

Maintain the livability of city neighborhoods by ensuring that 94% of streets meet IES lighting standards in 2002.

OUTCOME HISTORY (see page 175)

The purpose of the Infrastructure Services Division's street lighting program is to provide residents with

pleasant and secure neighborhoods by providing a safe and reliable lighting system. The 2002 budget includes operating funding of \$8.3 million for this objective, including \$6.8 million in Infrastructure Services Division's budget, \$176,000 in Administrative Services, and \$1.3 million in Operations. In addition, \$7.3 million in capital funding is provided.

The measurement for this objective is a scale developed by the Illuminating Engineering Society (IES) which establishes optimal levels of lighting for streets. As shown in Figure 4, the division continues to improve the percentage of streets meeting IES standards. In 2000, 97.3% of the lighted streets in the City of Milwaukee meet or exceed IES standards. This represents approximately 1,288 miles of lighted streets.

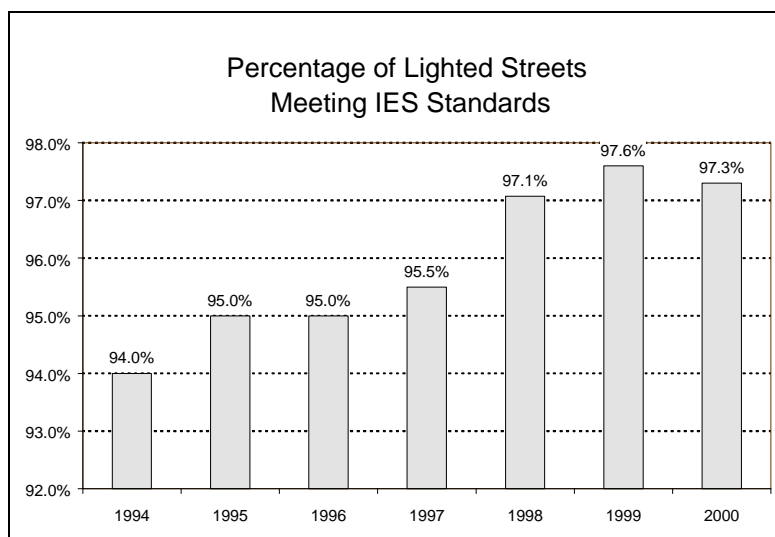
ACTIVITIES

- Lighting system operations
- Street lighting repair
- Replacing series circuitry with multiple circuitry to improve reliability and flexibility
- Converting mercury vapor and incandescent lighting to more efficient high pressure sodium lighting
- Capital Improvements
 - Replace deteriorated poles
 - Replace defective underground cable
 - Replace and repair substations
- Business improvement district, neighborhood association and commercial area pedestrian level lighting

PROGRAM CHANGES

Reduction in Overtime: In the 2002 budget, overtime cost will be reduced by approximately \$250,000.

Figure 4



As a result of this reduction, some routine repairs will not be made within the department's goal of 72 hours. This change will have no effect on how major or emergency electrical repairs are handled.

Reduction in Burn Time: In 2002 burn time for street lights will be reduced by 15 minutes in the morning and 15 minutes in the evening. The reduction in burn time will generate savings of \$150,000.

Equipment: Individual units of equipment with cost greater than \$50,000 will be financed as a capital purchase.

CAPITAL IMPROVEMENTS

The Infrastructure Services Division manages the street lighting program to protect, upgrade, and repair streetlights. Total funding of \$6.7 million is pro-

vided in the 2002 budget, including \$1.2 million in special assessments and \$5.5 million (81.8%) in city funding.

DPW OBJECTIVE 10

Design and operate transportation systems, which support the safe and efficient movement of people and goods, and maintain the economic viability of the city by reducing the number of traffic crashes by 5% in 2002.

OUTCOME HISTORY (see page 177)

The Infrastructure Services Division follows the Manual of Uniform Traffic Control Devices for Streets and Highways and the American Association of State Highway and Transportation Officials in

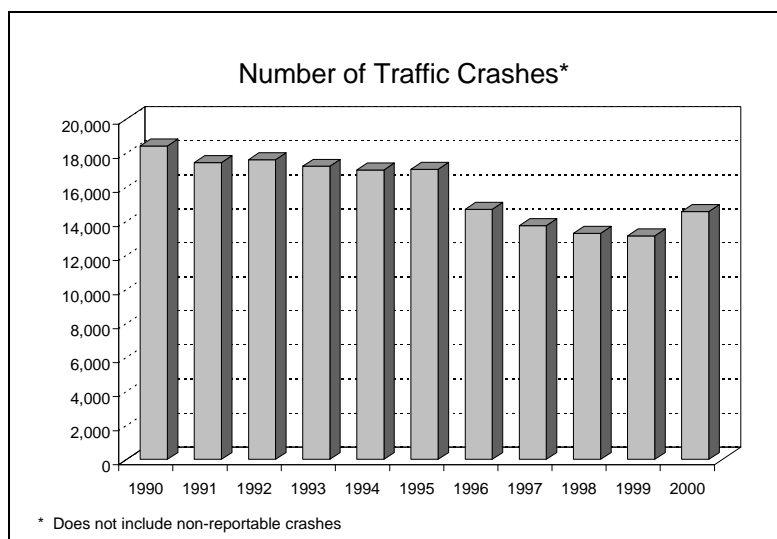
order to maintain consistent traffic control design standards and facilities. Uniformity in design standards maintains roadway safety and increases recognition and compliance with traffic control facilities, including traffic signals, signal systems, and traffic signs by system users.

The traffic control facilities program provides for the safe, efficient, and economical movement of the public and their goods and services, which helps to improve traffic flow, reduce pollution, and promote the health and safety of residents and visitors. The 2002 operating budget provides funding of \$5 million for this objective, including \$3.8 million from the Infrastructure budget, \$106,000 from Administrative Services, and \$1 million from Operations. In addition to operating funds, \$1.4 million in capital funding is devoted to this objective.

While factors outside of Infrastructure's control, such as enforcement of traffic regulations by the Police Department and changes in traffic patterns resulting from economic development, influence the number of traffic crashes, the division's activities do affect traffic safety. As shown in Figure 5, the number of traffic accidents decreased to 14,568, a 20.9% decrease since 1990. While part of the reduction in crashes results from a change in the State Division of Motor Vehicles' reporting requirements, enhanced enforcement of traffic laws have also contributed to the decline in crashes.

Although the primary purpose of this program is to improve the safety and efficiency of public ways, another important outcome is to reduce the environmental impact of the automobile. While more difficult to measure, the division does conduct traffic surveys every two years to measure the number of persons per automobile entering and leaving downtown between 7 a.m. and 7 p.m. The goal is to increase the number of persons per automobile

Figure 5



ACTIVITIES

- Traffic control facilities
 - Install new traffic control facilities
 - Modify or upgrade existing traffic control facilities
 - Timing of traffic signals
- Repair of traffic signals
- Review land use access needs
- Participate on Milwaukee Safety Commission
- Meter installation
 - Traffic pattern analysis

PROGRAM CHANGES

Traffic Calming: One method of improving the effectiveness of traffic control is traffic calming. Traffic calming involves physically changing the operating characteristics of a local road to slow down the traffic speed. Traffic circles, roadway narrowing and curb pushouts have been utilized in Milwaukee for this purpose. The department works with neighborhood groups to include these design features in street paving projects.

CAPITAL IMPROVEMENTS

The division manages two programs, the Traffic Control Facilities Program and the Emergency Response Management - OPTICOM Program, to achieve this objective. The Traffic Control Facilities Program,

funded at \$677,000 provides for installation of new and modification of existing traffic control facilities. The OPTICOM Program, funded at \$147,000, allows Milwaukee Fire Department emergency equipment to

preempt a traffic signal from the vehicle using optical communications. This reduces call response time and decreases the likelihood of accidents. When this is

complete in 2003, it will be employed at approximately 325 traffic signalized intersections.

DPW OBJECTIVE 18

Provide quality support services by satisfying 90% of customers with internal communication services in 2002.

OUTCOME HISTORY (see page 179)

The underground conduit system is designed and maintained by the Infrastructure Services Division and provides a secure and weatherproof means of connecting communication cables among various city departments, including the Fire Department, Police Department, Health Department, Milwaukee Public Libraries, Milwaukee Water Works, and the Department of Public Works. The conduit system also provides a reliable route for traffic signal and street lighting cable circuits and systems. The 2002 operating budget provides funding of \$1.5 million including \$530,000 in Infrastructure Services Division, \$306,000

in Administrative Services, and \$656,000 in Operations. In addition, \$6.9 million in capital funding is allocated to this objective.

Although the Infrastructure Services Division designs and maintains the conduit, the DPW Administrative Services Division funds and provides staff for the actual operation of the communications services services.

ACTIVITIES

- Install and replace underground communication conduit
- Maintain and replace manholes providing access to the underground electrical conduit system

CAPITAL IMPROVEMENTS

The Infrastructure Services and the Administrative Services Divisions allocate capital funding to this objective. Infrastructure Services manages the Underground Conduit and Manholes Program and the Underground Electrical Manhole Rehabilitation Program. Total funding of \$760,000, all of which is city funding, is provided in Infrastructure's 2002 capital budget for these programs. In addition, the DPW Administrative Services Division provides approximately \$5.6 million in capital funding.

Infrastructure's capital budget also includes \$3.7 million in capital funding for sewer services that are not funded by the Sewer Maintenance Fund, including \$3.2 million, or 86% in city funding, and \$500,000,

14% in revenue. These funds support two programs: the Expansion of Capacity Sewer Program, which extends sewer service to areas of the city that currently have no service and expands the capacity of existing sewers; and the Development Out-of-Program Agreement Sewer Program, which extends sewer service or modifies existing sewer systems when new development occurs. These capital programs support the department's Strategic Objective 15, Sewer System Services, which is described in the "Sewer Maintenance Fund" section of the *2002 Plan and Budget Summary*. This section also describes a third sewer capital program, the Relay Sewer Program, which is in the Sewer Maintenance Fund.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	293.00	266.49	262.71	-3.78
FTEs - Other	251.43	305.52	309.92	4.40
Total Positions Authorized	801	786	783	-3
DLH - Operations and Maintenance	527,410	487,435	472,878	-14,557
DLH - Other Funds	452,576	610,633	557,856	-52,777
EXPENDITURES				
Salaries and Wages	\$13,078,672	\$10,798,847	\$12,318,108	\$1,519,261
Fringe Benefits	3,962,770	3,563,620	4,188,156	624,536
Operating Expenditures	6,431,073	6,461,026	6,428,038	-32,988
Equipment	46,536	63,060	60,000	-3,060
Special Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$23,519,051	\$20,886,553	\$22,994,302	\$2,107,749
REVENUES				
Charges for Services	<u>\$3,652,690</u>	<u>\$2,566,800</u>	<u>\$2,754,600</u>	<u>\$187,800</u>
TOTAL	\$3,652,690	\$2,566,800	\$2,754,600	\$187,800

CAPITAL PROJECTS - Includes \$28,706,602 for capital projects in the 2002 capital budget.

Please refer to the Capital Improvement Section of the *2002 Plan and Budget Summary* for details on capital improvement projects.

DEPARTMENT OF PUBLIC WORKS

OPERATIONS DIVISION

EXECUTIVE SUMMARY

STRATEGIC ISSUES:

Maintain an efficient and effective garbage collection system.

Keep Milwaukee's neighborhoods clean and healthy.

Maintain the safety of city streets during snow and ice emergencies while minimizing the use of salt.

Reduce the amount of residential solid waste disposed in city landfills.

Maintain a healthy urban forest.

Improve the environment and appearance of Milwaukee by encouraging citizens to plant and maintain trees on private property.

Continuously improve services and reduce costs of providing fleet and building services to city departments and agencies.

Improve the condition of city-owned buildings and facilities.

INITIATIVES FOR 2002:

More efficiently and effectively utilize personnel resources through creating the Operations Division.

Increase commitment to the purchase of replacement equipment, including funding vehicle replacement utilizing developed vehicle replacement cycles and systematic replacement schedules.

Develop strategies to monitor current "Gypsy Moth" infestations and potential Asian Long-horned Beetle infestations within Milwaukee's urban forest.

Target Weekend Box Program to Community Development Block Grant Areas.

Continue implementation of a new ADA Compliance Program for all city buildings.

BACKGROUND

The Department of Public Works (DPW) is a service-based department that faces a constant demand by Milwaukee's citizens. In providing these services, DPW must adapt to changing equipment technology, needs of citizens, and weather impacts. To assist in meeting these challenges, DPW constantly reviews and revises its procedures and organizational structure to gain the necessary efficiencies that allow it to continue to provide high service levels.

The 2002 budget addresses some of the challenges facing DPW by creating an Operations Division. The Operations Division will be comprised of the current Forestry, Sanitation, and the Buildings and Fleet Divisions. This new division will yield both internal efficiencies and higher service levels to benefit the citizens of Milwaukee. The greatest benefit of this division will be improvement of services to the residents of the City of Milwaukee, through improved coordination of personnel, administration, and equipment.

Operations

The Operations Division combines the activities previously performed by three divisions: Forestry, Sanitation and Buildings and Fleet. The most visible operations, Sanitation and Forestry (i.e. seasonal activities such as snow plowing, leaf collection, emergency response), gain in efficiencies by better utilization of equipment operations in the Buildings and Fleet Section. Since the support and direct personnel are in one division, better deployment of staff to meet service demands is accomplished.

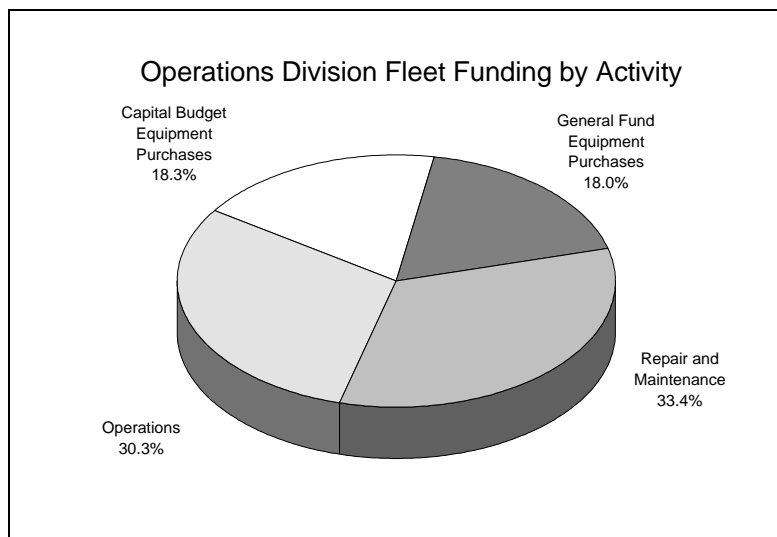
DPW management and union leadership jointly developed a plan to meet the best interests of management, employees and most importantly, citizens. This plan consolidates driver titles and seniority lists in the Sanitation and Fleet Operations Sections. The titles of Driver/Loader, Special Equipment Operator, Truck Driver (3.5 Tons and Over), and Driver Worker and Equipment Operator/Worker have been combined into a single title of Equipment Operator. Combining these titles into one classification will enable DPW to utilize existing staff in a more effective manner. Urban Forestry Specialist positions will become part of the Equipment Operator seniority list during the winter season for snow and ice control.

This plan also creates management efficiencies that allow for the elimination of one Supervising Engineer, City Forestry Manager, Auto Mechanic Supervisor I, Sanitation Survey Coordinator, and three Sanitation Supervisor positions. In addition, this plan reduces the reliance on overtime use and private contracts.

Forestry: The Forestry Section of the Department of Public Works - Operations Division is primarily responsible for tree and landscape management. Milwaukee's Urban Forestry Program has been recognized as a model for the nation by national forestry organizations, businesses, and visitors to the city. The program currently maintains 200,000 trees and 120 miles of boulevards that provide Milwaukee with the natural beauty both residents and visitors enjoy.

Sanitation: The responsibility of the Sanitation Section is to collect and dispose of solid waste and to

Figure 1



keep city streets safe for travel during severe winter weather.

Sanitation also plays a role in protecting the environmental health of the city. Sanitation efforts have reduced the amount of materials sent to landfills through both its solid waste reduction efforts and the city's recycling program. In addition, Sanitation activities protect city residents from infectious diseases and protect area lakes and rivers from harmful storm water run-off by collecting solid waste and sweeping city streets and alleys.

In the 2001 budget, the city created the Solid Waste Fund, consisting of the Sanitation Division. However, in order to maximize the benefit of the Operations Division, the Solid Waste Fund is dissolved in the 2002 budget.

Buildings and Fleet: The Fleet Services and Fleet Operations Sections operate and maintain DPW's centralized fleet of over 4,000 motor vehicles and related equipment (see Figure 1). The Fleet Services Section provides equipment to other DPW divisions (excluding the Water Works, Sewer Maintenance Fund, and Parking Fund) free of charge. It also rents vehicles and equipment on a permanent or temporary basis to other city departments as well as rents equipment to augment the city's existing fleet. In addition, the division maintains vehicles owned by the Library, Health Department, Police Department, Water Works, Sewer Maintenance Fund, and Parking Fund.

The Design and Construction and Facilities Management Sections provide building services, such as overseeing construction and maintenance at city facilities, excluding the Port of Milwaukee and the Milwaukee Public Library. Consequently, these sections oversee 160 of the city's 220 buildings.

As part of its facilities management responsibilities, the division operates an around the clock information center located in City Hall. It also provides physical security and access control at the downtown complex and other key facilities by using security guards and closed circuit television.

Approximately, \$81.2 million in operating funds are included in the 2002 budget for the Department of Public Works – Operations Division. In addition to operating funds, the 2002 budget includes capital funding of \$13.4 million, and grant funding of approximately \$2.8 million.

Solid Waste Fee

The 2001 budget established a new fee for solid waste expenses. The Solid Waste Fee (created in accordance with Wisconsin State Statutes, Section 66.0627m which permits municipalities to implement a special charge for current services which may allocate all or part of the service costs onto the properties served) partially recovers solid waste collection costs through a user fee rather than the property tax. The City of Milwaukee implemented the solid waste fee to distribute solid waste costs according to usage, and to require property tax exempt refuse users to pay for their portion of the city's solid waste costs.

2002 Solid Waste Fee Rate: The 2002 rate for the Solid Waste fee equals \$75 per year per residential unit. This rate will recover \$13.9 million or approximately 45.6% of the city's total solid waste collection costs.

DPW OBJECTIVE 5

Reduce the number of citizen complaints regarding the condition of the boulevards to less than 20 per year in 2002.

OUTCOME HISTORY (see page 176)

The Forestry Section designs, landscapes, and maintains the city's boulevard system. Landscape design typically incorporates trees, shrubs, floral beds, and turf and concealed irrigation systems onto the existing boulevards. The Forestry Section has been able to achieve cost savings in boulevard maintenance and design as a result of efficiencies gained by: using mobile maintenance crews; better placement of water valves; consolidation of mowing routes; and increased use of lower maintenance shrubs and perennial flowers.

In 2002 Forestry will use \$4 million in operating funds to maintain more than 476 acres of boulevards and green spaces. To measure residents' satisfaction with the appearance of boulevards, Forestry will

continue to track the number of complaints on the condition of the city's boulevards.

ACTIVITIES

- Turf maintenance
- Irrigation systems repair
- Bed maintenance
- Tree and shrub planting

PROGRAM CHANGES

Reduced Use of Herbicides: In 2002, Forestry will reduce the application of herbicides and fertilizer to turf located on boulevards. In an effort to reduce the amount of chemicals introduced into the environment, Forestry will limit herbicide and fertilizer application to only those boulevards that are ranked highest in terms of need. This measure is expected to generate savings of \$136,202 in salaries and fringe benefits and \$20,000 in supplies.

DPW OBJECTIVE 6

Reduce the three-year average tree mortality rate to less than 1.5% by the year 2002.

OUTCOME HISTORY (see page 176)

The 2002 budget for the Operations Division Forestry Section includes \$6.8 million in operating funding and \$515,000 in capital funding for the care and maintenance of approximately 200,000 trees in public spaces throughout the city.

Over the last ten years, the overall tree mortality rate has decreased from over 2.5% to about 2%. The mortality rate increased slightly in 1997 and 1998 as a result of changed criteria for tree removal. Forestry now removes marginal trees instead of waiting until they are nearly dead. In the long run, this policy will result in a healthier urban forest and a decreased mortality rate. Removal statistics from 2000 indicate that the mortality rate is beginning to decline again (see Figure 2).

Forestry removes trees that are damaged beyond rehabilitation, either due to illness or damage, such as those occurring during windstorms. Forestry's annual tree replacement program ensures that trees are replaced within one year of removal. Figure 3 illustrates the division's urban forestry replacement rate from 1991 to 2000.

Forestry participates with the United States Department of Agriculture to trap the Gypsy Moth and to determine its spread in Milwaukee. In 1998, the Wisconsin Department of Trade and Consumer Protection expanded the Gypsy Moth quarantine to Milwaukee, Waukesha, and 11 other eastern counties. Due to steady moth population increases, the Forestry Section will work with these agencies to enhance monitoring efforts, research "*Entomophaga*" (a fungus that attacks Gypsy Moth larvae) as a control measure, and develop information and outreach programs targeted toward Milwaukee citizens.

In 2002, the Forestry Section will also work with the Department of Agriculture to monitor aggressively

Figure 2

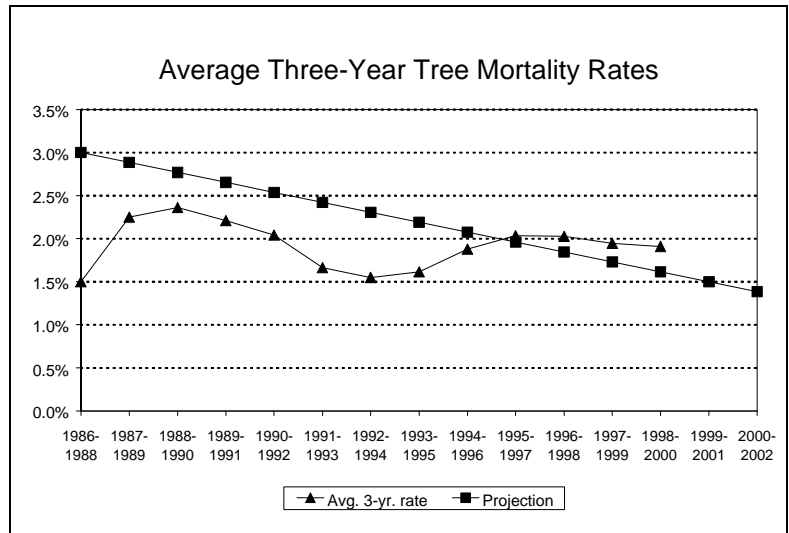
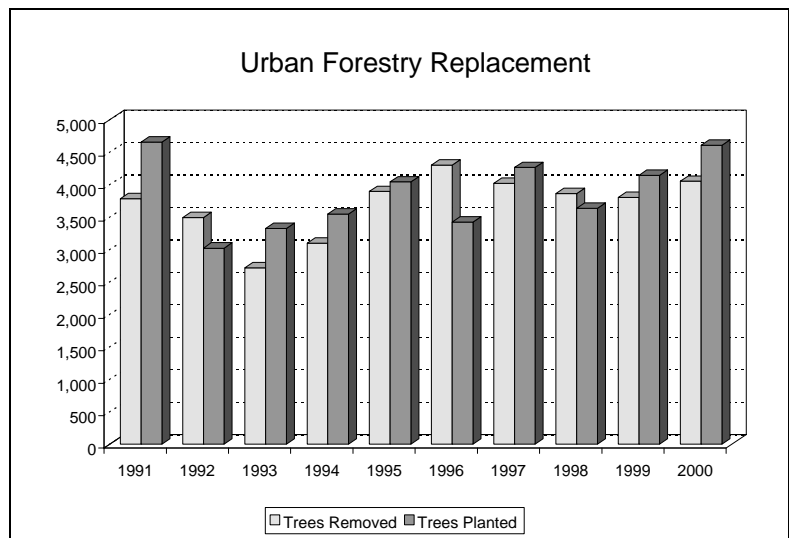


Figure 3



Asian Longhorned Beetle populations in the city. Potential infestations would have serious effects on the tree mortality rate for the city's urban forest. Forestry is taking a pro-active approach to avoid such infestations.

ACTIVITIES

- Tree planting
- Production of trees at the city nursery
- Pruning and maintenance of trees
- Removal of hazardous and damaged trees and stumps

PROGRAM CHANGES

Greening Milwaukee: The Forestry Section collaborates with the Greening Milwaukee organization to educate citizens about the value of tree planting on private property. In 2000, Forestry distributed over 1,000 trees to private property owners in pursuit of this objective. There are currently training programs in all 17 Community Development Block Grant neighborhood areas aimed at educating citizens on how to plant and maintain trees grown on their property.

In 2002, Forestry will continue to work with Greening Milwaukee to further increase the number of trees planted on private property. Each individual who receives a new tree will complete a training program on care and maintenance, helping to ensure residual benefits to Milwaukee's urban forest.

Greening Milwaukee's Schools: Since the 1950's, many of Milwaukee's public school playgrounds have been paved with asphalt to reduce maintenance costs. This has resulted in public school playgrounds

devoid of trees, grass, and playable surfaces for our children. Asphalt surfaces are on average 10 to 15 degrees hotter than shaded playgrounds and thus less appealing to use.

Playgrounds with trees and grass offer children a more hospitable environment, free of asphalt and extreme temperatures. They also reduce the risk of injury from falling on hard surfaces. In addition, trees expand the educational and instructional opportunities for science teachers and school children alike. In 2001, the Forestry Section partnered with Milwaukee Public Schools, and through the UPAF/Vision Urban Forestry Fund planted 150 trees at 10 schools during the spring planting season. In the fall, Forestry will plant another 50 trees in and around the asphalt playgrounds of 11 more schools.

The Forestry Section will seek to expand this program to 80 more schools over the next four years. A total of \$50,000 will be used in 2002 to fund the division's participation in Greening Milwaukee's Schools. The section will provide trees to schools, while helping to coordinate and train volunteers on how to plant and care for their new trees.

DPW OBJECTIVE 8

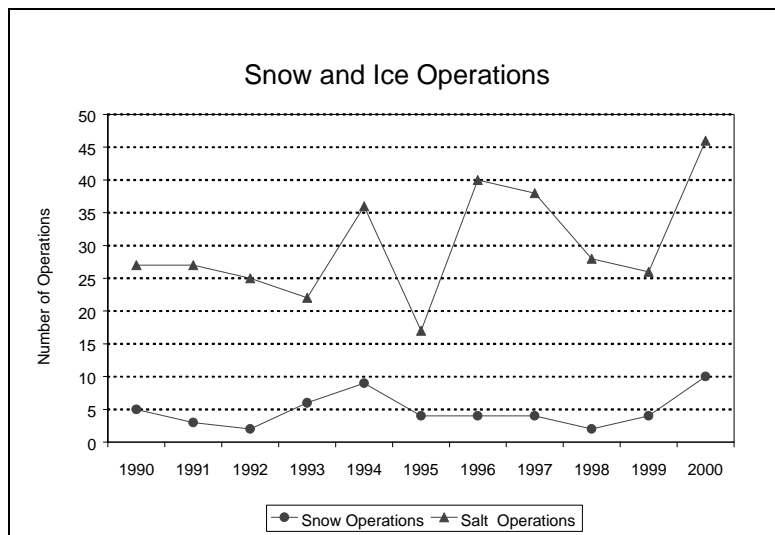
Maintain current levels of public safety during snow and ice emergencies while minimizing the amount of salt used per lane mile to 250 pounds in 2002.

OUTCOME HISTORY (see page 176)

The Department of Public Works - Operations Division 2002 budget includes approximately \$8.6 million in total funds for snow and ice control.

Conducting snow plowing and ice control (salting) operations is a reactive service, dictated by random, varying weather conditions. Figure 4 shows the number of operations the Sanitation Section has conducted each year since 1990 in order to maintain efficient movement of people and goods, and to ensure public safety during snow and ice emergencies. As indicated in the figure, the number of snow plowing and ice control operations has fluctuated tremendously over the past several years.

Figure 4



Budgeting for snow and ice operations in a given year proves very difficult due to the uncertainty surrounding the number of operations. In addition, the actual cost of a plowing or salting operation varies greatly depending on the amount of snow, tempera-

ture, rate of snowfall, time of day, and the overall severity of the weather. As a result, the Operations Division budgets for snow and ice operations based on an “average” winter. In 2000, there were 10 snow plowings and a total of 46 salting operations. The year 2000 was a very unusual winter with approximately 50 inches of snow falling in December alone. Anticipating that a snowfall like that will not occur in 2002, the budget is based upon prior years’ “average” winters exclusive of the winter of 2000.

Snow and Ice Control Fee: For 2002, a new fee was adopted to recover snow and ice control costs. The fee was based on property foot frontage and actual

snow and ice control costs experience. Snow and ice control cost for 2002 are expected to be \$8.5 million. Since state law requires the city to recover only actual costs, only 35.5% or \$3 million, of the estimated total costs were recognized as revenue. This amount is roughly equal to the lowest amount spent on snow and ice control over the last 12 years. This fee will be recovered on the municipal services bill for all properties in the city, including tax exempt.

PROGRAMS AND ACTIVITIES

- Snow plowing operations
- Salting operations

DPW OBJECTIVE 12

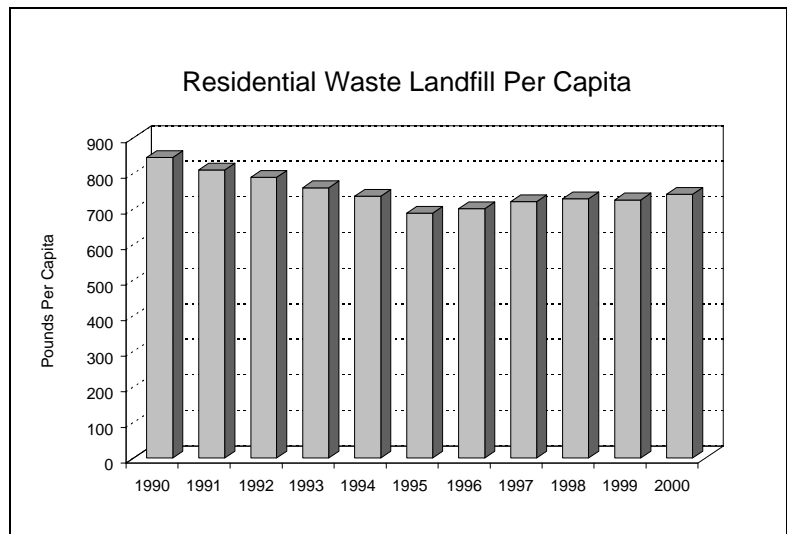
Reduce the amount of residential solid waste landfilled per capita from 728 pounds to 700 pounds in 2002.

OUTCOME HISTORY (see page 177)

The Department of Public Works is committed to improving environmental quality through waste reduction efforts. As indicated in Figure 5, the Sanitation Section has made significant progress toward achieving the objective of reducing the amount of residential solid waste landfilled. The amount of residential waste disposed in landfills per capita has decreased approximately 12%, from 844 pounds in 1990 to 741 pounds in 2000.

The Sanitation Section also emphasizes waste reduction in all aspects of educational outreach. The importance of “reduction” before “recycling” is stressed through classroom presentations at city schools, Recycling Education Center Programs, and direct constituent contact. The section is also actively involved in the Southeast Wisconsin Waste Reduction Coalition whose mission is “to reduce the amount of waste generated by residents and businesses throughout Southeast Wisconsin through a regionally coordinated waste reduction campaign”. Activities of the coalition include radio and television public service announcements, displays at civic events, and a scholarship competition for high school students.

Figure 5



The Operations Division’s 2002 budget includes approximately \$7.6 million in operating and grant funds for residential solid waste reduction.

ACTIVITIES

- Curbside recycling collection
- Fall leaf, brush, and yard waste collection and composting
- Recycling and waste reduction education
- White goods and tire collection
- Self-help center recycling programs

DPW OBJECTIVE 14

Maintain the overall cleanliness of the city as measured by the Photometric Index projection of six in 2002.

OUTCOME HISTORY (see page 178)

The Department of Public Works Operations Division's 2002 budget includes approximately \$37.1 million in total funding for city cleanliness.

In 2000, Sanitation developed a formal outcome measure to gauge the cleanliness of city streets. The outcome measure used is the Photometric Index which measures changes in accumulations of loose trash in cities. The Index is certified by Keep America Beautiful, Inc. (KAB) and must be used to participate in the Clean Community System – the behaviorally based program to reduce litter by changing attitudes and practices relating to the handling of waste. This measurement technique was developed in 1974 by the Research Foundation – American Public Works Association, under contract to KAB. The process involves the use of 120 photographic slides taken at random in various locations throughout the city. Pictures are taken of streets, public right-of-ways, vacant lots, parking lots, loading docks, and commercial refuse storage areas. These slides are then analyzed and measured against a baseline year for comparative cleanliness. The Photometric Index is recorded as a number between 0 and 96 that reflects the relative amount of litter detected when randomly generated pictures are analyzed. Over 500 cities, including Houston, Indianapolis, and Chicago make use of a Photometric Index to quantify city cleanliness. In 2000, the Sanitation Section found that Milwaukee surpassed its Photometric Index goal of 6.0 with a Photometric Index of 5.36. In this index, the lower the number, the less the relative amount of litter.

PROGRAMS AND ACTIVITIES

- Weekly residential garbage collection
- Operation of two self-help centers

- Clean-Up Box Program (each weekend from April through October)
- Systematic neighborhood clean-ups
- Street and alley sweeping
- Weed cutting (in compliance with city ordinances) costs recovered from property owners
- Clean-up and support for civic and special events ranging from the Great Circus Parade to neighborhood block parties
- Special collection services to residential property owners

PROGRAM CHANGES

Street Sweeping and Leaf Collection: The 2002 budget recovers the city's costs associated with street sweeping and leaf collection through the sewer maintenance fee. These costs will be recovered through the sewer fee and then transferred to the general fund as a revenue. Also reflected is a change in the frequency streets are swept in some areas of the city. This change is a continuation of the plan adopted as part of the 2001 Budget Reduction Plan. In 2002 this change is expected to save \$331,875. Leaf and street sweeping services contribute to the city's sewer maintenance program by keeping materials out of the catch basins and storm inlets, as well as supporting storm water management. The Wisconsin Department of Natural Resources recognizes leaf and street sweeping as a best management practice.

Targeted Neighborhood Box Program: Community Development Block Grant Funds will provide \$300,000 in 2002 for the targeted Neighborhood Box Program. A version of the Neighborhood Box Program has existed for years; however, in 2002 the program will be modified to target clean-ups within the city's 17 Neighborhood Strategic Planning areas (NSPs). In the Operations Division's operating budget, \$25,000 is provided to fund neighborhood clean-ups that fall outside of the community development block grant boundaries.

DPW OBJECTIVE 17

Provide quality support facilities by assessing the condition of city-owned buildings and by satisfying 90% of customers with building maintenance services in 2002.

OUTCOME HISTORY (see page 178)

The Department of Public Works Operations Division's 2002 budget includes approximately \$20.6 million in funding to provide quality support facilities.

Facilities Management's building maintenance activities focus on providing quality support for facilities used by city agencies (all facilities excluding those of the Port and Library) with the exception of playlots. Facilities Management maintains HVAC systems, provides custodial services, and oversees architectural design work for 160 city buildings. The section is also responsible for a wide variety of building repairs that range from window to roof replacements.

Facilities Management works to achieve the objective of providing quality support facilities through performing condition assessments on city buildings. Condition assessments involve a physical inspection of buildings by staff. The information gathered through the assessment allows planning for the maintenance and repair of the city facilities.

By 1996, Buildings and Fleet had completed condition assessments for all of the city facilities for which Buildings and Fleet is responsible. In late 2001, DPW will have completed a total reassessment of the condition of city facilities as part of its routine maintenance

activities and will use the information to update its Facilities Condition Index (FCI).

The FCI is a computerized index that Building and Fleet uses to evaluate building conditions and to prioritize maintenance needs. The FCI is a relative index, based upon a facility's current repair cost and the costs to replace the facility in like materials and design at current labor and material costs. Index values directly identify those facilities most in need of immediate repair.

ACTIVITIES

- Architectural and mechanical design and construction management
- Communication and data cable installation and repair services
- Custodial, electrical, heating, and ventilation services
- Masonry, carpentry, painting, and concrete work
- Inspection, maintenance, and repair of recreational facilities
- Energy management
- Management of various Department of Public Works contracts for services, including cleaning, cafeteria and vending, and security guard services

PROGRAM CHANGES

Reduction in Capital Improvements Deductions:

The capital improvements deduction for salaries and wages is reduced in the Facilities Management Section by \$34,778 to more accurately reflect capital improvement activity in 2002.

CAPITAL IMPROVEMENTS

The 2002 capital improvements budget provides approximately \$13.4 million in funding. These funds will be allocated to 12 different projects.

Tree, Shrub, and Evergreen Replacement: As part of the 2002 capital improvements plan, \$515,000 will be allocated for planting trees and shrubs. Forestry estimates that 4,648 trees will be planted in 2002. These estimates are based on the 2001 completed street construction program, normal tree replacement

program, and Forestry's short- and long-range objective of a 98% stocking level.

Concealed Irrigation and General Landscaping of City Boulevards: Irrigation and drainage systems are incorporated into the designs as life support systems for the plant material located on the boulevards. Replacing deficient boulevard irrigation and drainage systems on existing boulevard medians and installing concealed irrigation to flower and shrub beds

and turf is coordinated with street reconstruction projects because of the excavation required to install and service these systems. In 2002, \$372,062 is allocated to installment of concealed irrigation systems and general landscaping and turf.

72nd and Fond du Lac Yard: The 2002 budget provides \$150,000 in capital funding to repave the drive at the 72nd and Fond du Lac Yard. The 72nd and Fond du Lac Yard acts as a satellite location for salting operations. The pavement in front of the salt dome has suffered from degradation over time.

Scale System Replacement: Sanitation currently operates a scale system that communicates between each of the three scale houses and the Sanitation offices. This system is vital to Sanitation's operations by ensuring accurate accounting of waste that is land-filled and materials that are recycled. The 2002 budget provides \$125,000 in funding that will enable Sanitation to replace the current out-dated system.

Environmental Remediation Program: This program helps to provide a safe environment for the public and city employees in city-owned buildings through removal of hazardous building materials. The project areas consist of asbestos abatement, lead abatement, and soil and groundwater remediation. Funding of \$634,000 is included in the 2002 capital budget for this program.

City Hall Restoration Program: In the 2002 capital budget, \$2.5 million is allocated for this program. The program maintains the exterior of City Hall in a watertight and energy-efficient condition. Funding is used for repair, tuckpoint, and seal masonry, window painting, and replacement of thermo-windowpanes.

ADA Compliance Program: The 2002 budget includes capital funding of \$408,000 for this new program which improves access to offices, restrooms, telephones and drinking fountains at the downtown complex and in outlying facilities. These efforts are needed to comply with federal regulations governing the Americans with Disabilities Act.

Recreational Program: The Design and Construction Section maintains and improves neighborhood recreation facilities, including children's play areas and stand-alone recreation sites. In 2002, the section intends to upgrade four children's area playgrounds, one tennis court, and various playfields and totlots.

In addition to the replacement of equipment subject to normal wear and tear, the section will work to improve the accessibility of play areas and to insure they meet safety and ADA requirements. The 2002 capital budget provides \$371,000 in funding for this program. Additional Community Development Block Grant funding of \$350,000 will also be used for the Recreational Program.

Facility Systems Program: The 2002 capital budget includes approximately \$3.3 million to keep the city's buildings in good operating condition. This program includes an upgrade of the downtown complex mechanical systems as well as replacement of boilers and mechanical systems, upgrade of electrical switchgear and transformers, and various security, fire protection and life/safety improvements at various locations. In addition, the digital control and computerized facilities management system will be expanded. For 2002, the Comptroller's Office will be remodeled and receive major HVAC upgrades and replacement through this program. This project accounts for \$1,727,000 of this program's funding.

Downtown Complex Remodeling: This program was previously titled "Facility Interior Upgrades". This program provides funding for interior remodeling and upgrades for various city agencies. Upgrades include meeting the new State Energy Code requirements for lighting, controls, and HVAC. Services provided by the section include office space planning and development of cost proposals to meet the changing needs of city agencies. This program is funded at \$695,000 for 2002.

Facility Exterior Upgrades: This program helps to maintain the exterior of city facilities in a watertight and energy efficient condition and to replace yard and parking lot pavements as needed. The project includes various replacements and maintenance items, as recommended by the Facility Condition Information System. This program is funded at \$1,108,000 in the capital budget.

Interim Reorganizational Alterations: This program provides \$150,000 in funding for architectural and engineering services related to office space studies. Funding will be used to prepare preliminary plans and cost estimates for remodeling projects, and for unscheduled interior office alterations for city departments.

Major Capital Equipment: This program shifts funding of departmental equipment that exceeds \$50,000 per unit cost from the general fund to the capital fund. In 2002 \$3,080,000 is provided in the

Operation Division capital budget for equipment replacement. Remaining equipment in the operating budget totals \$1.5 million.

OTHER ACTIVITIES AND CHANGES

Replacement Equipment: The 2002 budget focuses replacement funding on DPW's core services, including garbage and recycling collection, snow and ice control, as well as the purchase of pick-up trucks and dump trucks for use as pool equipment. Buildings and Fleet in conjunction with the Budget and Management Division has updated equipment replacement guidelines to develop more comprehensive replacement schedules for all types of equipment. This will assist the city in making strategic increases in equipment replacement in a manner that maintains the quality of the fleet while minimizing maintenance, repair, and rental costs. As a result of this replacement schedule, additional equipment funding totaling \$3.3 million is included in the capital budget under special projects for 2002.

Increase in Energy Expenditures: The 2002 budget includes approximately a \$100,000 increase for energy costs, primarily for natural gas. This is the result of increasing rates for utilities. A significant

component is natural gas, which experienced a low per unit volume of \$4.29 in 2000 and a high of \$11.81 per unit volume in 2001.

Increased Equipment Repair and Maintenance: The 2002 budget includes a \$1 million increase in funding for equipment/repair and maintenance, including tools and machinery parts (\$600,000) and vehicle repair services (\$400,000). This increase reflects actual experience with maintaining an aging vehicle fleet.

Mayor's Landscape Awards Program: The Forestry Section will continue to provide technical support and expertise to the Mayor's Landscape Awards Program. The presentation of these annual awards has been conducted under the sponsorship of Greening Milwaukee since 1997. It honors members of the community who beautify and add value to Milwaukee's neighborhoods through their "greening efforts".

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	0.00	0.00	946.79	946.79
FTEs - Other	0.00	0.00	135.83	135.83
Total Positions Authorized	0	0	2,576	2,576
DLH - Operations and Maintenance	0	0	1,693,614	1,693,614
DLH - Other Funds	0	0	244,894	244,894
EXPENDITURES				
Salaries and Wages	0	0	\$40,266,225	\$40,266,225
Fringe Benefits	0	0	13,687,517	13,687,517
Operating Expenditures	0	0	25,786,290	25,786,290
Equipment	0	0	1,487,124	1,487,124
Special Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$0	\$0	\$81,227,156	\$81,227,156
REVENUES				
Charges for Services	\$0	\$0	\$22,761,000	\$22,761,000
Licenses and Permits	0	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>215,300</u>	<u>215,300</u>
TOTAL	\$0	\$0	\$22,976,300	\$22,976,300

CAPITAL PROJECTS - Includes \$16,700,062 (total also includes \$484,000 in fringes) in funding for the following projects:

- a. Recreation Facilities - \$371,000
- b. Space Planning, Alterations, and Engineering - \$150,000
- c. Facility Systems Program - \$2,808,000
- d. City Hall Restoration Program - \$2,500,000
- e. ADA Compliance Program - \$408,000
- f. Environmental Program - \$634,000
- g. Facilities Exterior Upgrades - \$1,108,000
- h. Downtown Complex Remodeling - \$695,000
- i. Planting Trees, Shrubs, and Evergreens Paving/Various - \$515,000
- j. Concealed Irrigation and General Landscaping of City Boulevards - \$372,062
- k. 72nd and Fond du Lac Yard Repaving - \$150,000
- l. Scale System Replacement - \$125,000
- m. Major Capital Equipment - \$3,080,000
- n. Equipment Replacement Program - \$3,300,000 - NOTE: This project is reflected in the 2002 Capital Budget under Special Projects but is included in the above total.

SPECIAL PURPOSE ACCOUNTS

EXECUTIVE SUMMARY

PURPOSE: Special purpose accounts are used to appropriate funds for purposes not included in departmental budgets. These may include one-time appropriations for short-term programs and those programs that may affect numerous departments. Every year the Common Council adopts a resolution authorizing expenditures from various accounts by specific departments or by Common Council resolution.

Highlights of the 2002 special purpose accounts include:

Newly Created 2002 Accounts

Cable TV Franchise Regulation: The 2002 budget includes \$20,000 to fund an outside consultant to assist the City Clerk in reviewing the 2001 cable franchise agreement audit with Time Warner. The audit will include financial and operational data and is necessary to ensure that Time Warner is complying with its contract with the city.

Fire and Police Discipline and Complaint Account: The 2002 budget includes \$100,000 to fund the payment of legal defense expenses for exonerated police and fire personnel. This new account will allow the city to more clearly track police officer and fire fighter investigations and the subsequent legal fees paid for sworn personnel cleared of wrongdoing.

Information and Technology Study: The 2002 budget includes \$50,000 in funding for the purpose of hiring a consultant to assess the redevelopment of the Health Department's Client Tracking System (CTS). The Department of Administration's Information Technology and Management Division will oversee the consultant hiring process and will require the Health Department's active involvement in drafting the request for proposal and selecting the prospective consultant.

Snow and Ice Control Fee-City Portion: The 2002 budget provides \$185,000 to fund the city's contribution for the newly created snow and ice control fee. This account will fund payments for snow and ice removal for city and Milwaukee Public School properties in 2002.

Funding Transfers and Changes

Façade Improvement Program: The 2002 budget transfers the funding of the Façade Improvement Program from the special purpose account budget to the Department of City Development's capital improvements budget.

Seminar, Convention, and Travel Special Purpose Accounts: In 2001, the Finance and Personnel Committee voted to discontinue the use of special purpose accounts to fund departmental costs for travel, seminar, and convention attendance for their employees. The committee decided that these expenses were more appropriately funded in departmental budgets. The 2002 budget executes this policy change and eliminates funding for the following special purpose accounts:

- Convention and Travel Fund
- Seminar Fund
- Wisconsin League of Municipalities

Funding for 2002 seminars, conventions or related travel will be funded in departmental budgets.

Drug Testing and Safety Glasses Special Purpose Accounts: The 2002 budget eliminates funding for these two special purpose accounts and transfers these funds to the Department of Employee Relations budget.

Other Significant Highlights and Changes

AIDS Initiative: Funding for this account has been increased by \$5,000 in the 2002 budget to \$314,200. This account provides for HIV/AIDS education, treatment and prevention services with the goal of

improving the environmental health of Milwaukee and the personal health of its citizens.

Business Improvement Districts (BIDs): Funding authority for BIDs in 2002 totals \$4.3 million. Funding is provided for the activities of 18 current BIDs throughout the city.

Damages and Claims Fund: Funding for this account has been increased by \$500,000 in the 2002 budget to \$2,000,000. This account ensures that the city meets its legal obligations through settlement and payment of lawsuits and claims. The funding increase reflects the 2002 payment of a multi-year settlement with the Department of Justice.

Economic Development Committee Fund: Funding of \$50,000 is provided in the 2002 budget, an increase of \$25,000 from 2001 levels. This account allows the Common Council's Economic Development Committee to fund development projects that add value to neighborhoods and increase the city's tax base.

Insurance Fund: Funding for this account has been increased by \$170,000 in the 2002 budget to \$620,000. This account provides funding for insurance premiums for city policies. The funding increase reflects higher premiums that are expected in 2002.

Long Term Disability Insurance: An additional \$127,000 is provided in the 2002 budget for the city's Long Term Disability (LTD) Insurance. A negotiated benefit, long-term disability benefits provide income continuation to employees who are unable to work due to a disabling injury or illness. The funding increase reflects expected higher LTD rates in 2002.

Neighborhood Clean-Up Initiative: The 2002 budget continues to provide \$70,000 to fund a neighborhood clean-up initiative, jointly sponsored by the Sanitation Division and the Department of Neighborhood Services. This program, initiated in the 2001 budget, allows the Sanitation Division and the Department of Neighborhood Services to perform a targeted clean-up on a specified area in each of the 17 aldermanic districts. Due to the success of the 2001 clean-up, funding for this program is continued.

Outside Council/Expert Witness Fund: Funding of this account has been decreased by \$250,000 in the 2002 budget to \$250,000. The decrease in funding reflects the Global Pension Settlement and projected needs for this account in 2002.

Razing and Vacant Building Protection Fund: Funding of this account has been decreased by \$400,000 in the 2002 budget to \$1,600,000. This funding decrease is due to two program changes that will be implemented by the Department of Neighborhood Services (DNS) in 2002. These changes include a reprioritization of buildings that need to be razed to ensure that the buildings in most need will be demolished first. In addition, DNS will work with the City Attorney to sue property owners with condemned buildings to make them responsible for the demolition costs.

Retiree's Benefit Adjustment: The 2002 budget includes an increase in funding of \$90,000. Funding of \$507,000 is provided for supplemental pension benefits for certain non-ERS retirees.

Solid Waste Fund-City Contribution: Funding for this account has been eliminated in the 2002 budget. This account was created to fund the city's tax levy contribution for the Solid Waste Fund. In the 2002 budget, this fund has been eliminated. In 2002, funds for sanitation expenses, not recovered through the solid waste fee, will be provided through the property tax levy.

Unemployment Compensation Fund: Funding for this account has been increased by \$25,000 in the 2002 budget to \$800,000. This account provides state-mandated funding to employees who are separated from service. The funding increase reflects experience and expected higher 2002 expenditures in this account.

Wages Supplement Fund: A funding decrease of approximately \$5.5 million (from \$19,938,000 to \$14,419,500) reflects anticipated wage and fringe benefit increases resulting from collective bargaining agreements.

SPECIAL PURPOSE ACCOUNTS - REIMBURSABLE SERVICE ADVANCE FUND

The Reimbursable Service Advance Fund serves as a mechanism for advancing funds to city departments to pay for services and materials which will subsequently be reimbursed through non-tax levy funding sources. Funds must be appropriated by Common Council resolution.

Funding for this account is provided by temporary transfer of general city funds in accordance with Section 925-130a, Wisconsin Statutes 1919. (General city funds are then reimbursed from revenues received from interdepartmental billings.) This mechanism may also be used to address greater than expected

expenses when related to the generation of additional revenue.

Currently, increased costs relating to revenue generating activities normally require a supplemental contingent fund appropriation. For example, an increase in citation processing activity will likely require a contingent fund appropriation to cover additional costs even though the increased activity results in greater than anticipated revenue to the city. A mechanism that would allow for recognition of additional revenue to offset increases in costs would help to preserve the contingent fund for other purposes.

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Reimbursable Service Advance Fund	\$0	\$50,000,001	\$50,000,001	\$0
Less Cost Recovery From Reimbursable Operations	<u>0</u>	<u>-50,000,000</u>	<u>-50,000,000</u>	<u>0</u>
TOTAL	\$0	\$1	\$1	\$0

SEWER USER CHARGES

This account will provide expenditure authority of \$32,601,229 to pay the Milwaukee Metropolitan Sewerage Commission's sewer user charges. The account also covers the city's expenses associated with ad-

ministering and collecting the sewer user charge. The expenditure authority is offset, except for \$1, by anticipated collection of the user charge from sewer users in the city.

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
MMSD-Sewer User Charge Advance Fund Account	\$0	\$33,476,216	\$32,601,229	\$-874,987
Less Cost Recovery from Sewer User Charge	<u>0</u>	<u>-33,476,215</u>	<u>-32,601,228</u>	<u>874,987</u>
TOTAL	\$0	\$1	\$1	\$0

Note: The budget amounts for the Reimbursable Service Advance Fund and Sewer User Charges are included in the Special Purpose Account - Miscellaneous total. This summary is provided for information purposes only.

SPECIAL PURPOSE ACCOUNT - WORKER'S COMPENSATION

The Worker's Compensation special purpose account, administered by the Employee Benefits Division of the Department of Employee Relations, consists of two sub-accounts. One sub-account compensates city employees who incur job-related injuries. Recovery of payments from third parties helps to offset part of these worker's compensation claims. A second sub-account, Required Employer Law Compliance Expenses, covers expenses incurred as a result of exposure to bloodborne pathogens in the workplace as mandated by the bloodborne pathogen law.

The 2002 budget for the worker's compensation expenses sub-account totals approximately \$7.1 million, an increase of \$1.1 million from the 2001 budget. This appropriation is based upon previous full-year and year-to-date experience. The second sub-account, Required Employer Law Compliance Expenses is budgeted at \$70,000 for 2002.

In total, the 2002 budget for these two sub-accounts is \$7.17 million.

SUMMARY OF EXPENDITURES

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Worker's Compensation	\$5,514,653	\$6,000,000	\$7,100,000	\$1,100,000
Required Employer Law Compliance Expenses	<u>46,661</u>	<u>60,000</u>	<u>70,000</u>	<u>10,000</u>
TOTAL	\$5,561,314	\$6,060,000	\$7,170,000	\$1,110,000

SPECIAL PURPOSE ACCOUNT - EMPLOYEE HEALTH CARE BENEFITS

This special purpose account covers employee health care benefit costs associated with the self-insured health care benefit program (the "Basic" Plan), Health Maintenance Organizations (HMOs), and dental insurance.

The Employee Health Care Benefits special purpose account also includes funding for administrative expenses and cost containment measures. The Employee Benefits Division of the Department of Employee Relations (DER) manages the account.

The 2002 employee health care budget is approximately \$74.3 million, an increase of 20.6% from \$61.6 million. This is consistent with growth in health costs experienced nation wide.

Of the \$74.3 million, \$70.5 million is provided for two types of health care plans: HMO's and a "basic plan".

HMO costs are paid on a per member basis, with rates set through annual contracts. Actual utilization drives the city's expenses for employees who choose basic plan coverage. Basic plan costs can vary dramatically on a monthly basis as shown in Figure 1. Drug costs, increased usage, and the age of employees have been some of the factors driving the city health care costs. Figure 2 shows the growth in net cost per member of the basic plan from 1993 to 2000.

Wisconsin Physicians Services acts as the administrator of the city's basic plan. They report quarterly on utilization through enhanced data reports. The reports compares utilization over a year period to the same period the previous year. Data provided in these reports includes frequency and amount of benefits paid for each major diagnostic category, number of inpatient admissions, length of stay, etc. Unfortunately, some of the costs are combined into other categories. Prescription drug costs appear in the major diagnostic category but not separately.

Figure 1

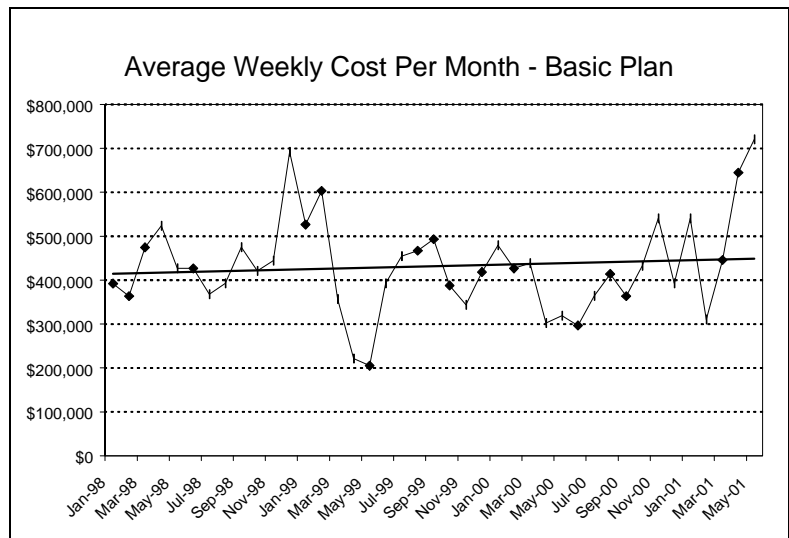
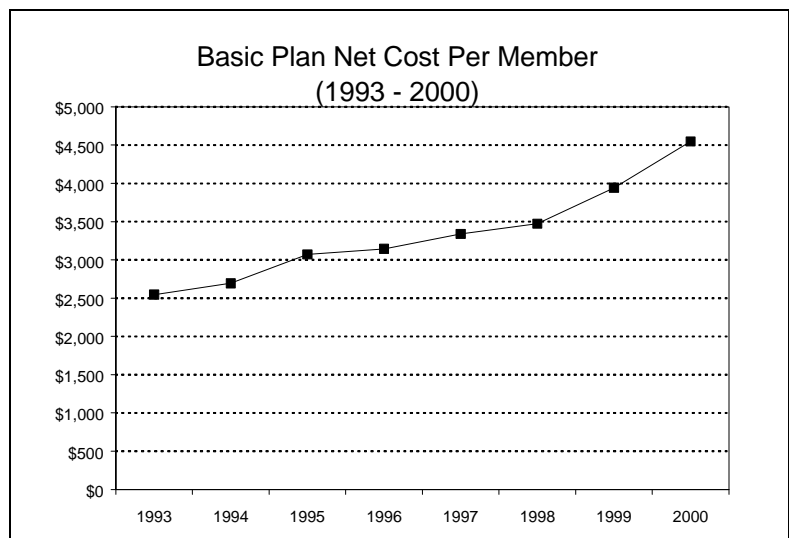


Figure 2



The enhanced data reports for active employees indicate that utilization has been down nearly 5% in admissions and 12% in length of hospital stays. However, costs have increased by over 12% between 1999 and 2000. This increase has been consistent over both the inpatient and outpatient care categories.

According to the latest enhanced data report for active employees, costs have increased by \$2.3 million.

Changes due to a decrease in membership and utilization were down \$0.4 million and \$1.4 million respectively yet cost for service increased by \$4 million.

On the retiree side, the latest enhanced data report shows similar cost changes. Utilization is down 17.9% in average length of stay while costs are up 19.4%. Costs for retirees increased by \$3.6 million. Changes due to a decrease in membership and utilization were down \$0.9 million and \$0.8 million respectively but again, cost for service increased by \$5.3 million.

A report "*Prescription Drug Expenditures in 2000: The Upward Trend Continues*" prepared by the National Institute for Health Care Management Research and Educational Foundation (NIHCM) indicates that prescription drug sales are up 18.8% from 1999 to 2000. The 50 best selling drugs increased in sales by 29.7% with number of prescriptions up 18.6% in this category. The average price per prescription is up 10.5%. However, as previously indicated WPS reports do not break out the cost of prescription drugs.

The facts do not fully answer the question why city health care costs are rising rapidly. It appears that 5% -10% of the growth is due to price changes. Utilization is down according to the enhanced data report thus forcing city costs downward by several percentage points.

Utilization is represented as admissions and length of stay. New procedures in surgery have made hospital stays shorter and some surgeries are performed on an outpatient basis. More or enhanced testing may be performed on patients without additional hospital stays.

The last area impacting basic plan costs is large claims. These are individual claims costing over \$25,000. For active members, large claims are 23.2% of active employee basic plan cost or \$5.3 million. The retiree member large claims were 30.4% of the total basic plan payment or \$8.2 million. There were three claims over \$300,000 alone totaling \$1.3 million. Unfortunately, one large claim can impact the health care budget as much as \$500,000.

Funding of \$50,000 is provided for consultant services to analyze health care costs and recommend

potential cost reduction plans. As mentioned previously, reasons for the growth in health care costs are somewhat known but their direct impacts or causes are difficult to determine. There are options available that could reduce costs that the consultant will analyze. These are items such as, incentives to members who use lower costing doctors or hospitals, wellness program, or buying out the insurance for those employees whose spouses are insured.

2002 Rates: In 2001, HMO rates were negotiated for 2002. The re-negotiated rates increased 20% over 2001 rates. Approximately \$4.7 million is provided in the 2002 budget to cover this increase. The number of HMO providers has been reduced from four to three.

Employee contributions for the basic plan will change from \$40 for single plan to \$50 for single plan and from \$80 for the family plan to \$100 for the family plan for District Council 48.

In 2002, management employees who choose basic plan health care coverage will be required to pay an additional monthly contribution. The city will contribute monthly funding equal to 100% of the low HMO rate. (Estimated at \$261.04 for single coverage and \$737.28 for family coverage.) Management employees will be responsible for making up the difference between the city's contribution and the estimated basic plan cost. The basic plan rates that management will see are \$100 for the single plan and \$190 for the family plan. Savings from these changes are \$145,000.

In 2001, domestic partner health care benefits were provided to District Council 48, management, and non-represented employees. The provision of these benefits is expected to cost approximately \$105,000.

With the Nation facing difficult decisions caused by the recent terrorist actions in New York City, Pentagon and airline crash in Pennsylvania, there is the possibility of city employees being called to defend our Country. Because of that possibility of war, the 2002 budget will include the provision to cover employees total health care costs for those called to duty. Costs for this proposal range from \$20,000 to almost \$400,000 depending on whether or not the vacated positions are filled.

SUMMARY OF EXPENDITURES

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
EXPENSE CATEGORY				
Claims	\$20,091,402	\$22,100,000	\$26,775,000	\$4,675,000
Health Maintenance Organizations	33,371,590	36,000,000	43,700,000	7,700,000
Dental Insurance	2,298,098	2,500,000	2,450,000	-50,000
Administrative Expense	665,917	710,000	1,000,000	290,000
Cost Containment	<u>270,106</u>	<u>300,000</u>	<u>350,000</u>	<u>50,000</u>
TOTAL	\$56,697,113	\$61,610,000	\$74,275,000	\$12,665,000

SPECIAL PURPOSE ACCOUNT- BOARD OF ZONING APPEALS

BACKGROUND

The Board of Zoning Appeals (BOZA) is composed of five members appointed by the Mayor, subject to confirmation by the Common Council. The Board's

duty is to hear and decide appeals of rulings on city zoning ordinances.

OBJECTIVE 1

Provide decisions on routine zoning appeals within 4 to 8 weeks of application and within 8 to 12 weeks on decisions on complex or controversial appeals.

OUTCOME HISTORY

Several years ago, written decisions on BOZA cases took an average of 27 weeks between the customer's application and a final letter communicating the Board's decision. It took slightly more than 12 of these 27 weeks for a case to be heard before the Board, followed by a 15 week wait for a final decision letter. Due to revisions to the ordinances governing the appeals process and continuing process improvement initiatives, the Board now routinely issues written decisions within 8 to 12 weeks (see Figure 1).

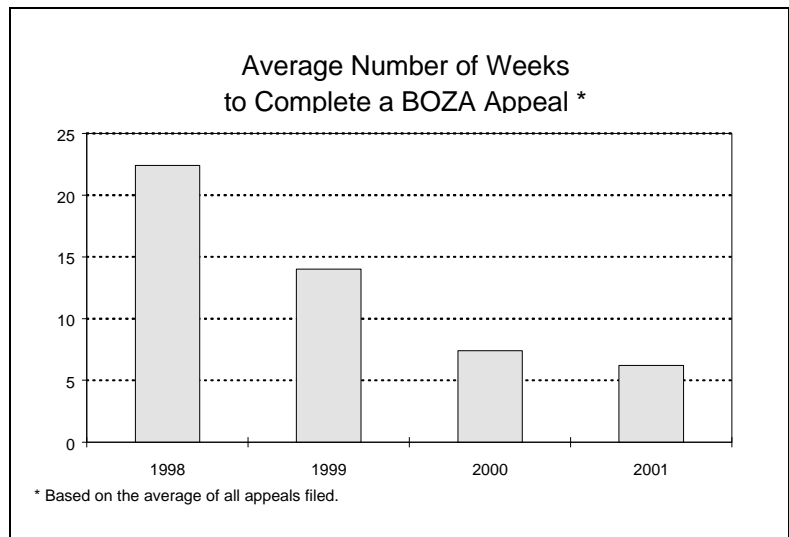
Ordinance revisions and process improvement efforts have been aimed at not only reducing the length of time necessary to receive a written decision but also increasing the level of communication and coordination with customers and citizens. For example, a new web site has been developed that allows customers to receive application information and general assistance. The web site also provides an online database of zoning appeals as well as an archive of agendas and minutes. This information assists in keeping citizens and neighborhood groups apprised of developments that may be of concern to them.

In 2002, BOZA will continue to improve communication with customers and citizens and reduce the waiting time for hearings. Its goal for 2002 is to hear and decide 75% of all cases within eight weeks. The

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Average number of weeks to complete a BOZA appeal.			
Routine Appeals	5.2	8.0	6.0
Complex Appeals	13.9	12.0	12.0
Funding by Source:			
Operating Funds	\$234,104	\$248,515	\$265,931
Total:	\$234,104	\$248,515	\$265,931

Figure



Board of Zoning Appeals will dedicate \$265,931 in meeting this goal.

PROGRAM CHANGES

Web Site Created: Communication with customers and citizens is one of the most important issues in the appeals process. An interactive web site has been

created to offer an additional method for customers and citizens to gain information about the Board and the hundreds of cases that are reviewed each year. The web site is continually updated with agendas, minutes, and information about the appeals process. In 2002, the web site will be upgraded to provide better integration with the city's overall e-government strategy.

Online Database Developed: In 2001, an online database and application tracking system was devel-

oped to improve communication and enhance the predictability of the appeals process. The system allows a customer to track the status of an application from filing to staff review to the scheduled public hearing. The ability to quickly access this information offers a greater level of understanding and predictability. Citizens are also capable of querying the database for pending applications in their neighborhoods that may be of concern. In 2002, the board will continue to refine the system to provide additional information to customers and citizens.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	3.04	3.00	3.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	11	11	11	0
DLH - Operations and Maintenance	5,472	5,400	5,400	0
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$171,740	\$164,871	\$177,141	\$12,270
Fringe Benefits	13,624	32,150	37,296	5,146
Operating Expenditures	48,740	51,494	51,494	0
Equipment	0	0	0	0
Special Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$234,104	\$248,515	\$265,931	\$17,416
REVENUES				
Charges for Services	<u>\$202,870</u>	<u>\$154,000</u>	<u>\$146,200</u>	<u>\$-7,800</u>
TOTAL	\$202,870	\$154,000	\$146,200	\$-7,800
CAPITAL PROJECTS - None				

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES - None

SPECIAL PURPOSE ACCOUNT - INTERN PROGRAM

The Department of Employee Relations' Intern Program consists of a pool of five undergraduate and three graduate college student interns. Interns hired with funding from this account perform special projects for any requesting city department on an as-needed basis. However, interns hired by specific departments to perform routine and/or daily tasks are authorized and paid out of the employing department's operating budget.

The number of interns hired through the Intern Program increased during 1999 to 1.9 full time equivalent (FTE), after remaining constant throughout 1997 and 1998 at 1.6 FTE. In 2002, the Department of Em-

ployee Relations will further increase the number of direct labor hours performed by the eight interns to 2.6 FTE. The hourly rate for the interns will increase to \$8.45 per hour for college interns and \$11.66 per hour for graduate interns to reflect recent wage settlements.

In 2002, the Department of Employee Relations will also continue to evaluate strategies for increasing minority participation in the Intern Program. Internships have proven to be one of the most successful strategies for providing real work experience for college graduates, and for expanding minority representation in the city's workforce.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
Total Positions Authorized	8	8	8	0
FTEs - Operations and Maintenance	2.30	2.30	2.60	0.30
DLH - Operations and Maintenance	4,365	3,500	4,680	1,180
EXPENDITURES				
Salaries and Wages	<u>\$42,196</u>	<u>\$42,915</u>	<u>\$46,223</u>	<u>\$3,308</u>
TOTAL	\$42,196	\$42,915	\$46,223	\$3,308

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL- TIME EQUIV.	POSITION TITLE	REASON
0	0.30	College Intern (Operating Funding \$0)	Increase in hours worked by College Interns.
0	0.30	TOTAL	

SPECIAL PURPOSE ACCOUNTS SUMMARY

LINE DESCRIPTION	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Special Purpose Accounts - Miscellaneous				
AIDS Initiative	\$305,421	\$309,200	\$314,200	\$5,000
Alternative Transportation for City Employees	78,900	75,000	80,000	5,000
Annual Payment to DNR	7,034	7,100	7,100	0
Audit Fund	128,000	134,000	141,000	7,000
Boards and Commissions Reimbursement Expense	17,300	15,000	18,000	3,000
Board of Ethics	24,562	22,100	22,101	1
Brownfields Remediation Outside Council	0	50,000	50,000	0
BID #2 (Historic Third Ward) City Contribution	18,000	18,000	18,000	0
BID #2 (Historic Third Ward) Self-Supporting	176,338	200,000	217,754	17,754
BID #2 (Historic Third Ward) Loan Repayment	0	442,368	395,200	-47,168
BID #3 (RiverWalk) Self-Supporting	0	0	947	947
BID #3 (RiverWalk) Loan Repayment	23,649	31,531	31,531	0
BID #4 (Greater Mitchell Street) City Contribution	25,000	25,000	25,000	0
BID #4 (Greater Mitchell Street) Self-Supporting	85,245	93,770	87,359	-6,411
BID #5 (Westown) City Contribution	18,000	18,000	18,000	0
BID #5 (Westown) Self-Supporting	76,943	84,637	87,804	3,167
BID #8 (Historic King Drive) City Contribution	21,000	21,000	21,000	0
BID #8 (Historic King Drive) Self-Supporting	108,756	119,632	122,389	2,757
BID #9 (739 North Water - RiverWalk) Loan Repayment	30,314	30,314	30,134	-180
BID #9 (739 North Water - RiverWalk) Self-Supporting	0	0	904	904
BID #10 (Avenues West) City Contribution	12,000	12,000	12,000	0
BID #10 (Avenues West) Self-Supporting	102,778	113,056	111,063	-1,993
BID #11 (Brady Street Business Area) Self-Supporting	43,073	53,250	54,280	1,030
BID #11 (Brady Street Business Area) Loan Repayment	58,698	58,698	58,698	0
BID #13 (Oakland Avenue) Loan Repayment	24,355	24,355	24,355	0
BID #13 (Oakland Avenue) Self-Supporting	25,645	30,645	27,145	-3,500
BID #15 (RiverWalk) Self-Supporting	0	5,000	8,932	3,932
BID #15 (RiverWalk) City Contribution	0	40,000	40,000	0
BID #15 (RiverWalk) Loan Repayment	0	424,301	297,718	-126,583
BID #16 (Uptown Triangle) Loan Repayment	43,194	43,194	43,194	0
BID #16 (Uptown Triangle) Self-Supporting	30,929	38,341	36,268	-2,073
BID #17 (Northwest Area Business) Loan Repayment	16,537	16,537	16,537	0
BID #17 (Northwest Area Business) Self-Supporting	21,897	25,740	28,371	2,631
BID #19 (Villard) Loan Repayment	24,100	24,100	24,100	0
BID #19 (Villard) Self-Supporting	64,134	72,957	59,931	-13,026
BID #20 (North Ave/Prospect/Farwell) Self-Supporting	80,995	93,134	66,716	-26,418
BID #20 (North Ave/Prospect/Farwell) Loan Repayment	40,392	40,392	69,500	29,108
BID #21 (Downtown Mgmt District) Self-Supporting	1,841,061	2,025,167	2,008,175	-16,992
BID #21 (Downtown Mgmt District) City Contribution	35,000	35,000	35,000	0
BID #22 (Edgewood/Oakland) Self-Supporting	4,440	4,884	0	-4,884
BID #25 (Capitol Drive/River Works) Self-Supporting	138,408	152,249	140,725	-11,524
BID #26 (The Valley) Self-Supporting	29,426	32,369	33,205	836
BID #27 (Burleigh/Sherman) Self-Supporting	0	0	37,113	37,113
BID 35th/North Avenue Self-Supporting	0	50,000	0	-50,000
BID Fond du Lac/North Avenue Self-Supporting	0	50,000	0	-50,000
BID 47th St/West Vliet Self-Supporting	0	50,000	0	-50,000
BID Teutonia/Capitol/Atkinson Self-Supporting	0	50,000	0	-50,000
BIDs				
Self-Supporting	2,830,068	3,344,831	3,129,081	-215,750
City Contribution	129,000	169,000	169,000	0
Loan Repayment	261,239	1,135,790	990,967	-144,823
Total BIDs	\$3,220,307	\$4,649,621	\$4,289,048	\$-360,573
Cable TV Franchise Regulation	\$0	\$0	\$20,000	\$20,000
Canadian American Police Games	25,000	0	0	0
Care of Prisoners Fund	153,266	175,000	166,490	-8,510

SPECIAL PURPOSE ACCOUNTS SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Census 2000	152,142	0	0	0
City Attorney Collection Contract	745,395	1,000,000	1,000,000	0
Citywide E-mail Upgrades	23,092	0	0	0
C/CJIS Administration	42,260	0	0	0
Clerk of Court - Witness Fees Fund	13,003	15,000	15,000	0
Constituent Service Referral System	8,257	50,000	50,000	0
Contribution Fund - General	0	675,000	675,000	0
Convention and Travel Expense Fund	37,567	55,000	0	-55,000
Corporate Database	119,287	0	0	0
Damages and Claims Fund	1,439,114	1,500,000	2,000,000	500,000
Drug Testing	8,500	8,500	0	-8,500
E-Gov Citizen Response System	0	150,000	0	-150,000
Economic Development Committee Fund	31,739	25,000	50,000	25,000
Employee Training Fund	99,072	74,500	74,500	0
Environmental Contamination Fund	4,790	0	0	0
Excess TID #19 Funds	0	500,000	0	-500,000
Facade Improvement Program	27,410	20,000	0	-20,000
Fire and Police Discipline and Citizen Complaint	0	0	100,000	100,000
Firemen's Relief Fund	71,853	78,000	78,000	0
Flexible Spending Account	34,471	30,000	35,000	5,000
FMIS Maintenance Upgrade	553,185	0	0	0
FSA Dependent Care Account	227,283	0	0	0
FSA Medical Care Account	215,024	0	0	0
Graffiti Abatement Fund	193,209	145,000	145,000	0
Grants and Aids - Current Levy	0	5,000	0	-5,000
Group Life Insurance Premium	2,319,673	2,217,000	2,340,000	123,000
Handgun Violence Media Campaign	50,000	50,000	50,000	0
Information and Technology Study	0	0	50,000	50,000
Insurance Fund	406,693	450,000	620,000	170,000
Long Term Disability Insurance	419,602	425,000	552,000	127,000
Low Interest Mortgage Loan Program	2,226	10,000	10,000	0
Maintenance of Essential Utility Services	66,878	75,000	75,000	0
Memberships, City	119,846	127,000	130,250	3,250
Milwaukee Arts Board Projects	190,599	217,000	217,000	0
Milwaukee Fourth of July Commission	151,128	130,000	130,000	0
Municipal Court Information System Study	0	100,000	0	-100,000
Municipal Court Intervention Program	437,887	393,652	393,652	0
Neighborhood Clean-Up Initiative	0	70,000	70,000	0
Outside Council/Expert Witness Fund	1,246,346	500,000	250,000	-250,000
Pabst Theater Board Fund	150,000	150,000	150,000	0
Pabst Theater Rent Fund	9,000	10,000	10,000	0
Parking Fund Enforcement Payment	2,107,691	0	0	0
Razing and Vacant Building Protection Fund	2,027,295	2,000,000	1,600,000	-400,000
Reimbursable Services Advance Fund	0	50,000,001	50,000,001	0
Less Recover Reimbursable	0	-50,000,000	-50,000,000	0
Remission of Taxes Fund	459,290	500,000	500,000	0
Reserve for 27th Payroll	1,665,000	1,820,000	1,820,000	0
Retirees Benefit Adjustment Fund	823,227	417,000	507,000	90,000
Safety Glasses	25,959	26,000	0	-26,000
Seminar Fund	14,801	20,000	0	-20,000
Sewer Maintenance Fee	29,100	49,000	82,500	33,500
MMSD User Charge	0	33,476,216	32,601,229	-874,987
Less Recover - MMSD	0	-33,476,215	-32,601,228	874,987
Solid Waste Fund - City Contribution	0	27,085,837	0	-27,085,837
Snow and Ice Control Fee - City Portion	0	0	185,000	185,000
Tuition Reimbursement Fund	700,000	700,000	700,000	0
Unemployment Compensation Fund	818,004	775,000	800,000	25,000
Wages Supplement Fund	0	19,938,000	14,419,500	-5,518,500
Wisconsin League of Municipalities Meetings	3,538	6,500	0	-6,500
Year 2000 Production Testing	32,486	0	0	0

SPECIAL PURPOSE ACCOUNTS SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Year 2000 Compliance Project	<u>67</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Miscellaneous SPAs	\$22,282,779	\$68,030,012	\$34,992,343	\$-33,037,669
Board of Zoning Appeals	\$234,104	\$248,515	\$265,931	\$17,416
Workers' Compensation Fund	5,561,314	6,060,000	7,170,000	1,110,000
Employee Health Care Benefits				
Claims	\$20,091,402	\$22,100,000	\$26,775,000	\$4,675,000
HMO	33,371,590	36,000,000	43,700,000	7,700,000
Dental Insurance	2,298,098	2,500,000	2,450,000	-50,000
Administration Expenses	665,917	710,000	1,000,000	290,000
Cost Containment Program	<u>270,106</u>	<u>300,000</u>	<u>350,000</u>	<u>50,000</u>
Employee Health Care Subtotal	\$56,697,113	\$61,610,000	\$74,275,000	\$12,665,000
Intern Program	\$42,196	\$42,915	\$46,223	\$3,308
Deferred Compensation	<u>713,125</u>	<u>1,015,087</u>	<u>0</u>	<u>-1,015,087</u>
GRAND TOTAL	\$85,530,631	\$137,006,529	\$116,749,497	\$-20,257,032

CITY TREASURER

EXECUTIVE SUMMARY

MISSION:	To fulfill the duties and responsibilities of the independently, citywide elected City Treasurer, who serves as the chief investment and revenue collection officer of the City of Milwaukee, as set forth in Wisconsin State Statutes, the City of Milwaukee Charter and Code of Ordinances, and Common Council Resolutions.
STRATEGIC ISSUES:	<p>Fulfill the mission of the City Treasurer Department in an environment of fiscal constraint.</p> <p>Utilize technology wherever feasible and cost justified to compile and to transfer needed information.</p> <p>Provide quality services to customers.</p>
INITIATIVES FOR 2002:	Maintain high quality standards in providing tax collection services to city residents and in the investment of city funds.

BACKGROUND

The City Treasurer is one of 24 elected officials within Milwaukee's municipal government. Under authority provided by the Wisconsin State Statutes and the Milwaukee City Charter, the Office of the City Treasurer receives and accounts for all monies paid to the city, makes disbursements vouchered for payment by the Comptroller, invests city funds that are not needed to meet current expenditures, collects current property taxes and delinquencies for all six tax levies within the City of Milwaukee, settles property tax collections on a pro-rata basis, and remits to each taxing jurisdiction their share of the monies collected.

One of the most important functions performed by the Treasurer's Office is the investment of city funds that are not needed immediately to meet current expenditures, i.e.: property taxes and lump sum revenue payments such as State Shared Revenue. In making investment decisions, the Treasurer's Office considers the safety, liquidity, and rate of return of various investment instruments. The City Treasurer's 2002 budget totals \$3,126,900.

OBJECTIVE 1

Fulfill its mission to the satisfaction of the Milwaukee electorate as measured by the rate of return on city investments and the cost of tax collection services.

OUTCOME HISTORY

The City Treasurer is responsible for investing available city fund balances. These balances consist of tax dollars collected and revenues received, including State Shared Revenue and various fines and fees. Since the city's cash flow requirements do not always equal the

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Rate of return on investments.	6.14%	5.51%	3.75%
Cost of tax collection as a percent of taxes collected.	0.3239%	0.2650%	0.3664%
Cost of delinquent tax collection as a percent reduction in delinquent taxes receivable.	2.0518%	1.8900%	2.1232%
Funding by Source:			
Operating Funds	\$2,658,173	\$2,967,821	\$3,126,900
Special Purpose Accts.	4,900,000	0	0
Total:	\$7,558,173	\$2,967,821	\$3,126,900

current fund balance, the city invests any funds that are not needed immediately into low-risk investments. In turn, earnings from these investments are used to reduce the tax levy.

The rate of return is a critical component in determining the amount of investment earnings. Even though certain constraints apply to the investment of city funds, the Treasurer has obtained rates of return ranging between 5.69% and 6.14% under current market conditions during the period of 1997-2000. As shown in Figure 1, this has translated into city general fund investment revenue of \$7.75 million in 2000.

The primary goal of the Treasurer is to maximize the city's rate of return, while ensuring the safety of invested funds. Figure 2 shows the city's rate of return from 1997 through the estimated 2002 rate of return. The city's rate of return is compared to that of the State of Wisconsin Local Government Investment Pool (LGIP), which serves as a "benchmark" for measuring investment performance. As can be seen in Figure 2, the city has consistently received rates of return on its investments that are higher than the LGIP.

Between 1997 and 1999, the annual amount of investment revenue earned continued to decrease because of declining average investment balances in the general fund (see Figure 3). For various reasons, the city had fewer funds available for investment purposes. However, in 2000, the combination of a higher average daily investment balance and a higher average rate of return resulted in a substantial increase in investment revenue to a total of \$7.75 million, which was an increase of \$1.1 million over 1999. In 2002, the total city investment revenue is projected to be \$7.125 million, with \$4.75 million being credited to the general fund and \$2.375 million to the Public Debt Amortization Fund. This projection is based on both a lower average investment balance and a lower rate of return.

ACTIVITIES

- Receive and account for all monies paid to the city

Figure 1

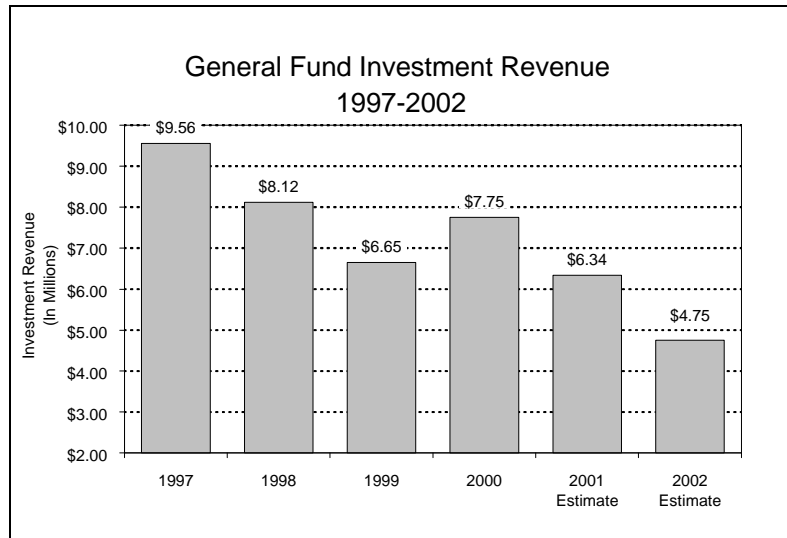


Figure 2

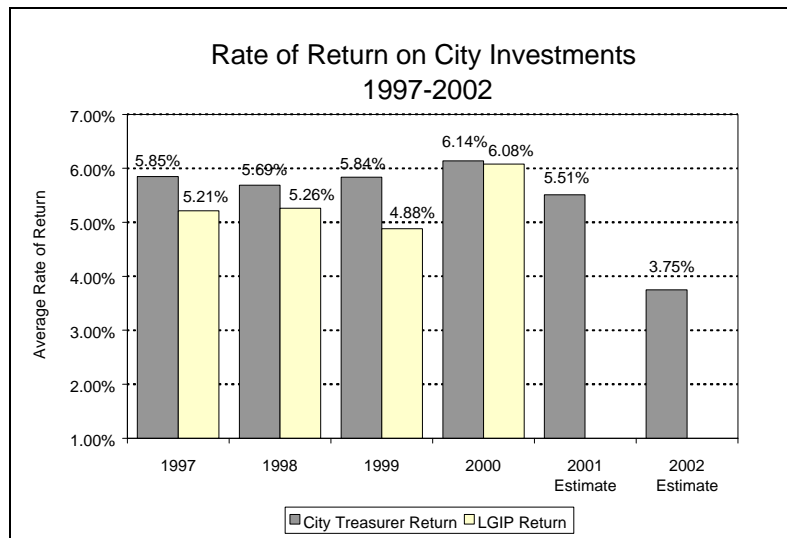
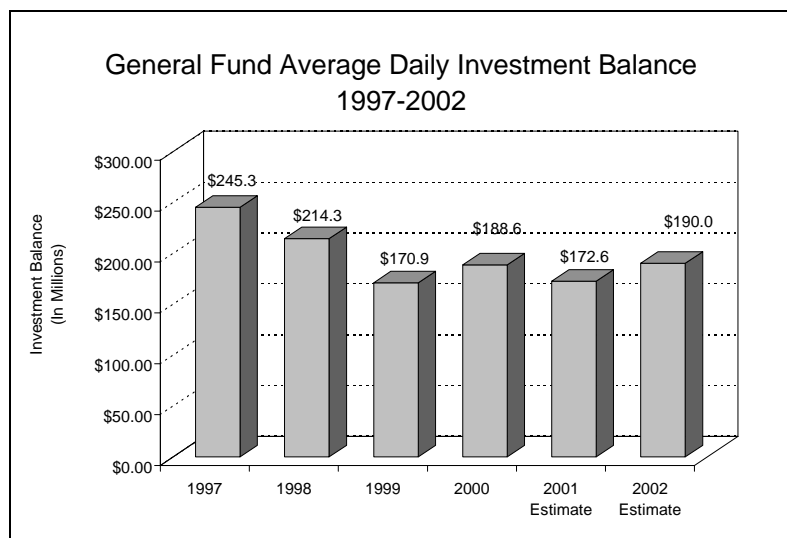


Figure 3



- Make disbursements that have been vouchered for payment by the City Comptroller
- Invest city funds not needed immediately to meet current expenditures
- Collect property taxes and delinquent taxes of all six levies within the city

PROGRAM CHANGES

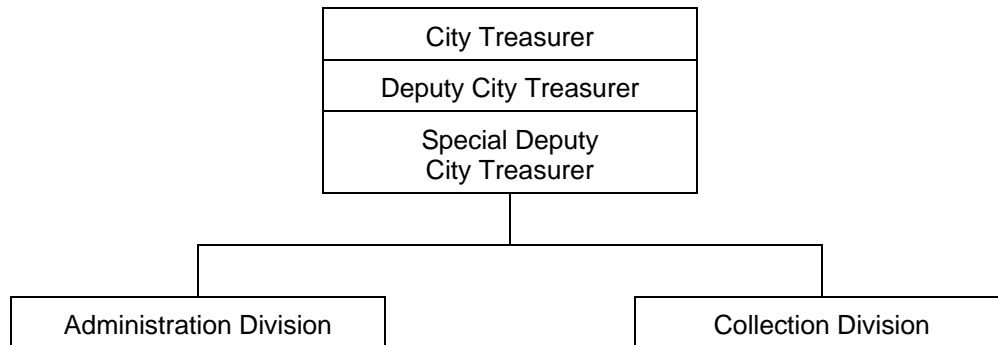
Position Changes: The City Treasurer's 2002 budget includes the elimination of the Investments and Fi-

ancial Services Specialist position and one Accounting Assistant I position. The Investments and Financial Services Specialist position will be replaced by a new position of Investments and Financial Services Coordinator, which transfers an auxiliary position to a permanent position. All other workload will be absorbed by existing staff with no anticipated reduction in service level.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	30.34	36.18	36.54	0.36
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	65	67	65	-2
DLH - Operations and Maintenance	54,604	65,124	65,766	642
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$1,499,435	\$1,613,190	\$1,681,455	\$68,265
Fringe Benefits	434,573	532,353	571,695	39,342
Operating Expenditures	671,335	797,040	805,745	8,705
Equipment	3,390	0	10,000	10,000
Special Funds	<u>49,440</u>	<u>25,238</u>	<u>58,005</u>	<u>32,767</u>
TOTAL	\$2,658,173	\$2,967,821	\$3,126,900	\$159,079
REVENUES				
Charges for Services	\$160,704	\$121,800	\$108,425	\$-13,375
Licenses and Permits	24,075	28,200	24,100	-4,100
Taxes and Payment in Lieu of Taxes	6,570	4,900	3,500	-1,400
Miscellaneous	<u>10,136,858</u>	<u>6,300,000</u>	<u>4,700,000</u>	<u>-1,600,000</u>
TOTAL	\$10,328,207	\$6,454,900	\$4,836,025	\$-1,618,875
CAPITAL PROJECTS - None				

ORGANIZATION CHART



DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Network Coordinator Assistant (Operating Funding \$-49,293)	Position reclassification.
1	1.00	Network Coordinator Associate (Operating Funding \$37,380)	
-1	-1.00	Investments and Financial Services Specialist (Operating Funding \$-57,503)	Elimination of position in lieu of the creation of the Investments and Financial Services Coordinator.
1	1.00	Investments and Financial Svcs Coordinator (Operating Funding \$51,458)	Auxiliary position eliminated to create permanent position.
-1	0.00	Investments and Financial Svcs Coord (Aux.) (Operating Funding \$0)	
-1	-1.00	Accounting Assistant I (Operating Funding \$-29,657)	Elimination of position due to operating efficiencies.
0	0.28	Temporary Customer Service Representative I	Additional labor hours added to address workload.
0	0.12	Various Positions	Overtime adjustment.
0	0.96	Various Positions	Experience adjustment.
-2	0.36	TOTAL	

FRINGE BENEFIT OFFSET

Employee fringe benefit costs are appropriated in various special purpose accounts. In addition, department operating budgets include an estimated employee fringe benefit factor in order to reflect the total cost of department operations. In prior years this second appropriation, or “double” budget, was offset by a “paper” revenue to avoid levying twice

for employee benefits. The 2002 budget offsets the second, or “double” budget, with a budget offset, as opposed to a revenue offset. This approach avoids overstating the total city budget by the fringe benefit factor, which in 2002 amounts to approximately \$93.8 million.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Fringe Benefit Offset	\$-86,887,553	\$-81,301,495	\$-93,830,102	\$-12,528,607
TOTAL	\$-86,887,553	\$-81,301,495	\$-93,830,102	\$-12,528,607

SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

EXECUTIVE SUMMARY

PURPOSE: To determine the amount of resources needed to support city services and to evaluate the most appropriate revenue stream for recovering costs, including general government revenue, user fees, and local taxes.

STRATEGIC ISSUES: In an ever-competitive economy, local tax policy can be an important factor in decisions concerning residential and business investment. For Milwaukee to grow and prosper, local tax policies should not impede the expansion of the local economy.

Structural changes in the economy, originating well beyond the city's borders, are impacting Milwaukee's fiscal environment. These changes have influenced, among other things, job trends in the city, tax base growth, and income trends. It is expected that structural change in the broader macro-economy will continue to influence fiscal conditions in Milwaukee well into the future.

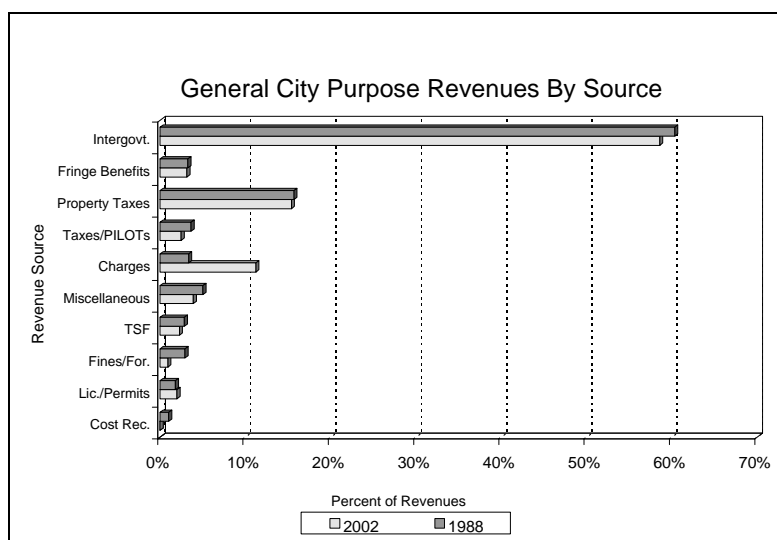
INITIATIVES FOR 2002: Limit the tax burden on local property owners by further diversifying the city's revenue base.

BACKGROUND

A variety of revenue sources support the general city purpose budget (see Figure 1). The largest of these, intergovernmental revenues and the property tax levy, together account for nearly three-fourths of total revenue for general city purposes. Nearly 50% of these revenues is in the form of State Shared Revenue. This revenue source had been frozen from 1995 to 2001. In the 2002-2003 State Budget, the state increased funding for shared revenue in order to increase payments to cities by 1%. However, a percent increase in shared revenue does not eliminate the city's structural disparity between revenues and appropriations. To address this problem, the city began exploring alternative funding sources in the mid 1990's. Revenue diversification planning initially centered on the need to balance property taxes with other revenue options. Significant diversification of the revenue base began with the implementation of a Sewer Maintenance Fee in 1998.

With a policy to hold the line on property taxes, less State Shared Revenue has increased the city's efforts to look not only at expenditure cuts but also at alternative funding sources. If new revenue options were

Figure 1



not considered, the city could only resort to severe service cuts.

To illustrate the shared revenue problem, consider a scenario where shared revenue grew at a rate of 2% annually from 1995 to the present. The city's shared revenue payment would be \$33.4 million higher than the amount received in 1995 and \$19.6 million higher than the \$238.1 million included in the 2002 budget.

This \$19.6 million is roughly equivalent to the amount of funding for the Health Department and Municipal Court.

Over all, actual general city purpose revenues have increased since 1994 but have grown at a rate less than inflation (see Figure 2). As a result, revenues have decreased in “real” or inflation-adjusted terms. At the same time, costs continue to rise in response to the effects of inflation.

The 2002 general city purpose budget is \$482.5 million; an increase of \$15.0 million or 3.2% over the 2001 adopted budget.

In 2002, total revenues are expected to increase by 3.2% over 2001 estimated levels, 0.6% above the projected rate of inflation for 2002 of 2.6%. A combination of expenditure reductions, a new snow and ice control fee, adjustments to existing fees, and a property tax increase were used to maintain a balanced budget. However, the majority of the revenue change is due to the elimination of the Solid Waste Enterprise Fund and recognition of the \$14.8 million solid waste fee and other sanitation fees as general fund revenue.

Intergovernmental Revenue: These revenues include funding received from other governmental jurisdictions, state and federal aid formulas, grants, and other program-specific government aid. From 1990, intergovernmental revenues have experienced steady, though moderate, annual growth through 1998. Unfortunately, the city has experienced declining intergovernmental revenue in 1999 and 2001.

The 2001-2003 State of Wisconsin Budget increased funding for shared revenue and the expenditure restraint program. The city will receive \$14.0 million above the amount calculated using the existing shared revenue formula. Notwithstanding the increase, intergovernmental revenues in “real” or inflation-adjusted dollars have fallen from 1992 to 2002 (see Figure 3).

For the 2002 budget, intergovernmental revenues total \$282.8 million. Of this amount, \$238.1 million will consist of State Shared Revenues, \$2.3 million

Figure 2

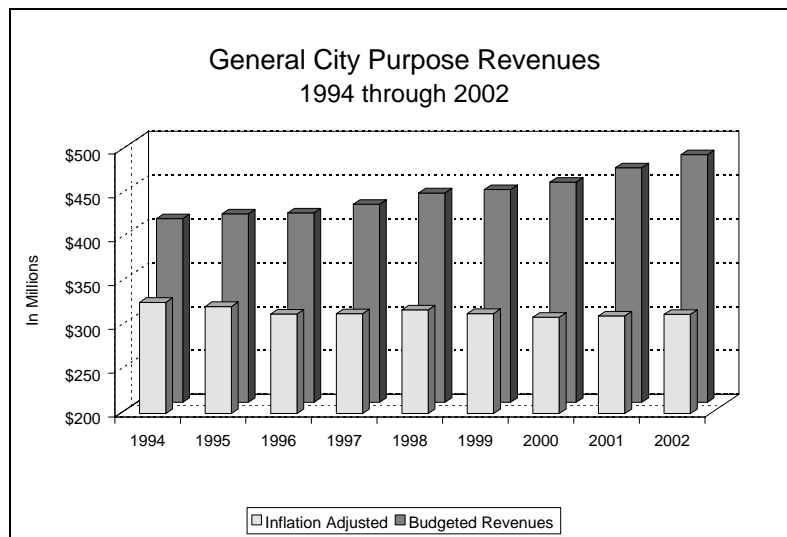
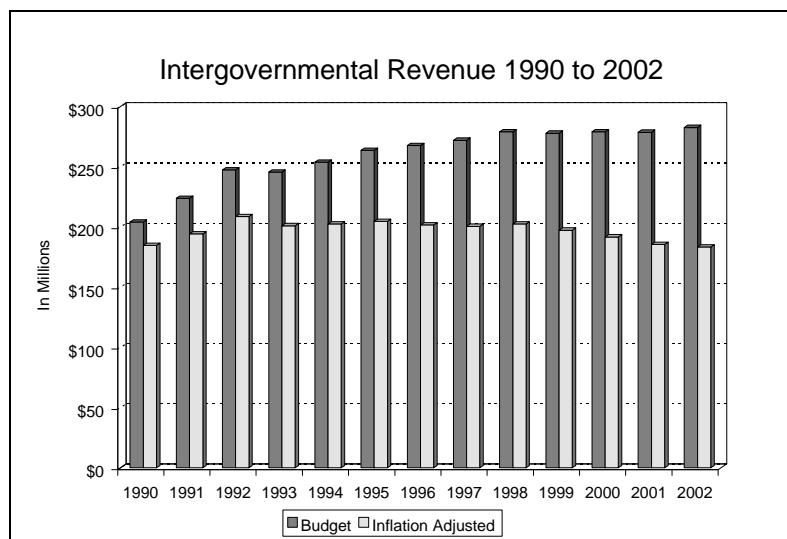


Figure 3



more than received in 2001. This represents an increase of 1% from the 2001 amount, a rate of change that fails to keep pace with the current modest rate of inflation. The city will also receive an additional \$2 million in expenditure restraint revenue.

As indicated in Figure 1, the city relies heavily on intergovernmental revenues such as State Shared Revenue which make up the majority of general revenues. The shared revenue program is intended to equalize the ability of local governments to provide public services. Milwaukee receives a sizeable payment since it has proportionally lower levels of wealth compared to other cities in the state. Unfor-

tunately, the equalizing effects of the program are not always apparent. The normal distribution of shared revenue is based, in part, on expenses. The higher the expenses, the higher the shared revenue. This type of distribution promotes inefficiency and higher property taxes.

Property Taxes: The property tax levy will provide \$74.4 million in revenue for the general city purposes budget in 2002. This represents a decrease of \$1.9 million from the 2001 levy.

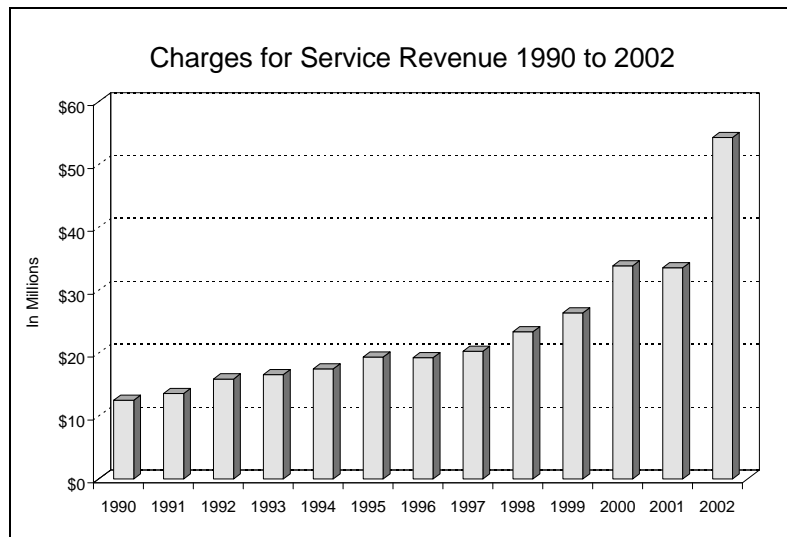
Taxes and Payments in Lieu of Taxes: The 2002 budget includes an estimated \$12.0 million in revenue attributable to taxes and payments in lieu of taxes (PILOTs). These funds include revenues raised by non-property tax levies; occupation taxes; trailer park taxes; tax incremental district close-out revenue; principal, interest, and penalties on delinquent taxes; property tax adjustments; and payments from property tax exempt governmental entities for city services. Revenue from 2002 taxes and PILOTs represents a net decrease of \$73,100 from the final estimates contained in the 2001 budget.

Charges for Services: The 2002 budget includes \$54.3 million in revenue from charges for services. This source of general city purpose funding encompasses revenue received for services provided by city operating departments. Public works charges are the largest component, accounting for almost one-third of this revenue source. Charges for services revenue has increased almost every year since 1990 (see Figure 4).

Elimination of the solid waste fund caused a revenue shift from the solid waste fund to the general fund. Of the \$20.6 million net change in charges for services from 2001 to 2002, \$13.9 million is attributable to the solid waste fee. The solid waste fee will increase from \$44 to \$75 annually.

A new fee was adopted to recover snow and ice control cost. The snow and ice control fee will be based on property foot frontage and snow and ice control costs. Property frontage data is available on the city's Geographic Information System (GIS). Costs for snow and ice control will be obtained from actual experience.

Figure 4



Snow and ice control costs for 2002 are expected to be \$8.5 million. Since State law requires the city to recover only actual costs, only 35.5% or \$3.0 million of the estimated total costs were recognized as revenue. This amount is roughly equal to the lowest amount spent on snow and ice control over the last 12 years. Estimation of this revenue and the corresponding fee per property front footage will be improved with additional data and history.

Legislation adopted regarding the snow and ice control fee allows the city to modify the fee once per year. This would occur in spring and be dependent on the actual snow and ice control costs at that time. Modification of the snow and ice control fee requires further action by the Common Council and Mayor.

The city's front footage of properties is 11.0 million feet. The estimated snow and ice control fee is \$0.2736 per foot based on recovery of \$3.0 million. This produces a cost to a resident with a 30-foot front of \$8.21 annually. This fee is partially offset by the property tax savings experienced. An estimated \$0.16 reduction in the tax rate will result from the fee.

The impact to the property categories is a savings to commercial property of \$0.3 million with residential and manufacturing property nearly breaking even. Those properties exempt from property taxes will pay \$0.7 million of the fee of which \$185,000 is city-related costs.

Leaf pick-up and street-sweeping costs will be recovered through the sewer maintenance fee. These will be in the form of charges to the Sewer Fund from the DPW-Operations Division. Total revenues received for this service is \$3.8 million.

Another major change is the elimination of deferred compensation revenue. Expenses and revenues associated with this program were shifted to other sections of the budget. This change resulted in a reduction of \$1.1 million in charges for service revenue in 2002.

Miscellaneous Revenues: Miscellaneous revenue includes transfers from the Parking Fund, interest on investments, funds from the sale of surplus property, real estate property sales, several spending offset accounts, and other revenues not included in any other category. For 2002, these revenues are expected to total \$18.9 million.

The Parking Fund will provide a payment to the general fund that is equal to the net revenue generated from parking citations. In 2002, DPW collected citation revenue will first pass through the Parking Fund to allow for payment of citation processing costs before making their way back to the general fund in a net revenue form. The payment will be \$8.25 million in 2002.

The city has recently concluded lease negotiations with Summerfest. Under the new lease, the city will receive a payment from Summerfest based on net sales. In 2002, the payment is estimated to be \$960,000.

Two-thirds of the interest on the city's unrestricted investments is counted as general city purpose revenue (one-third accrues to the Public Debt Amortization Fund). For 2002, a 3.75% rate of return on unrestricted investments of approximately \$190.0 million is assumed. This translates into \$4.7 million in general city purpose revenue (two-thirds of the \$7.0 million in estimated interest earnings), down \$1.6 million from the budget adopted for 2001.

Fines and Forfeitures: Revenue of \$4.4 million related to fines and forfeitures is included in the 2002 budget. Fines and forfeitures include payments received from individuals as penalties for violating municipal laws. The \$4.4 million is a reduction of

\$1.1 million from 2001. This reduction is related to the reduction in citations written by the Police Department.

Licenses and Permits: Revenue from licenses and permits in 2002 is estimated at \$9.6 million. These funds include charges for legal permission to engage in a business, occupation, or other regulated activity.

Fringe Benefits: The fringe benefit costs associated with reimbursable, grants, enterprise funds, and capital activity are gross budgeted in the general fund. The fringe benefit offset provides a payment to the general fund from these other funds to offset the benefit costs associated with activities in those funds.

Cost Recovery: Cost Recovery Funds do not represent an actual revenue to the city. They offset tax levy funds included in departmental equipment rental accounts to pay the depreciation portion of internal service agency charges.

Tax Stabilization Fund: The Tax Stabilization Fund (TSF) is used to accumulate unexpended appropriations and revenue surpluses. A total of \$11.5* million was transferred into the fund at the end of 2000. The purpose of the fund is to assist in stabilizing the city's tax rate and to protect citizens from tax rate fluctuations that can result from failure to capture accurate property values in non-reassessment years and erratic variations in non-property tax revenues.

The balance in the fund (as of April 15, 2001) totals \$25.1 million, of which, a maximum of \$21.2 million is available for withdrawal. The 2002 TSF withdrawal totals \$11 million.

After the 2002 withdrawal, \$14.1 million will remain in the TSF in 2001. Combined with anticipated regeneration of \$11 million, the TSF should end 2001 with a fund balance of \$25.1 million. Budgetary adjustments made in 2001 are expected to generate at least \$3.5 million of surplus in 2001. The 2002 withdrawal represents 43.8% of the available fund balance and an increase of \$5.5 million from 2001 levels.

A draft TSF policy will be proposed with the 2002 budget. Although the city maintained a balance of 5% on an informal basis that was consistent with recommended practices, no formal policy existed. The formal policy will require a minimum TSF

balance that is equal to 5% of the last three year average general fund experience. If the fund balance falls below that level, withdrawals for tax purposes will be limited to prior year fund regeneration (see *Strengthening the Value of Our City* or *Basis of Budgeting* for further details).

- * Includes \$7.2 million that was borrowed at the beginning of 2001 to fund 2000 expenses that will be reflected in the fund balance for 2002 purposes.

2. SOURCE OF FUNDS FOR GENERAL CITY PURPOSES

	2000 ACTUAL EXPENDITURE	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
REVENUES IN DOLLARS				
TAXES AND PAYMENTS IN LIEU OF TAXES				
Housing Authority	\$978,692	\$960,000	\$960,000	\$0
Parking	1,200,302	1,133,500	1,271,000	137,500
Water Services Division	8,255,186	8,040,000	8,570,000	530,000
Trailer Park Taxes	127,245	125,000	110,000	-15,000
Occupational Taxes	6,570	4,900	3,500	-1,400
Payment in Lieu of Taxes - Other	323,443	170,000	175,000	5,000
Interest/Penalties on Taxes	839,304	629,200	750,000	120,800
Other Taxes	1,076,852	350,000	200,000	-150,000
TID Excess Revenue	<u>0</u>	<u>700,000</u>	<u>0</u>	<u>-700,000</u>
TOTAL TAXES	\$12,807,594	\$12,112,600	\$12,039,500	\$-73,100
LICENSES AND PERMITS				
LICENSES				
Amusement Dance/Music	\$583,511	\$400,000	\$400,000	\$0
Bicycle	6,100	0	0	0
Dog and Cat	24,075	28,200	24,100	-4,100
Food - Health Department	1,030,302	1,109,600	1,350,000	240,400
Health Department - Non-Food	35,239	28,600	24,726	-3,874
Liquor and Malt	954,441	900,000	858,700	-41,300
Scales	241,829	180,000	229,200	49,200
Miscellaneous - City Clerk	-6,174	22,000	500	-21,500
Miscellaneous - Dept of Neighborhood Services	260,915	266,400	284,600	18,200
Miscellaneous - Dept of Public Works - Administration	14,584	9,900	13,300	3,400
PERMITS				
Board of Zoning Appeals	\$202,870	\$154,000	\$146,200	\$-7,800
Zoning Change Fees	38,522	30,000	25,000	-5,000
Building	1,957,737	1,934,500	1,880,000	-54,500
Building Code Compliance	244,560	232,000	157,600	-74,400
Curb Space Special Privilege	84,720	26,000	80,000	54,000
Electrical	588,159	520,000	550,000	30,000
Elevator	121,523	105,000	115,000	10,000
Occupancy	262,604	220,000	240,000	20,000
Plan Exam - Department of City Development	615,671	559,100	557,100	-2,000
Plumbing	608,057	630,000	608,000	-22,000
Sign and Billboard	165,600	80,000	107,000	27,000
Special Events	173,445	103,000	150,000	47,000
Sprinkler Inspection	436,332	55,000	411,800	356,800
Use of Streets - Excavating	897,781	675,000	765,000	90,000
Miscellaneous - Department of Neighborhood Services	51,768	43,300	45,900	2,600
Miscellaneous - Department of Public Works	258,678	215,800	240,600	24,800
Special Privilege - Miscellaneous City Clerk	13,657	14,500	13,700	-800
Special Privilege - Misc Dept of Neighborhood Svcs	<u>288,027</u>	<u>275,000</u>	<u>280,000</u>	<u>5,000</u>
TOTAL LICENSES AND PERMITS	\$10,154,533	\$8,816,900	\$9,558,026	\$741,126
INTERGOVERNMENTAL REVENUE				
State Shared Revenues - Fire Insurance Premium	\$564,121	\$600,000	\$605,000	\$5,000
Health - Fire Inspection Aid	0	24,000	0	-24,000
Local Street Aids	27,751,432	27,700,000	26,600,000	-1,100,000
Payment for Municipal Services	1,752,964	1,800,000	2,200,000	400,000

	2000 ACTUAL EXPENDITURE	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
State Shared Revenue (General)	560,745	650,600		-82,400
Expenditure Restraint Aid	8,701,402	235,800,000	238,140,000	2,230,000
Computer Exemption Aid	16,349	7,100		0
		4,400,000	4,650,000	
TOTAL INTERGOVERNMENTAL REVENUES	\$278,433,471	\$278,731,700	\$282,750,300	\$4,018,600
CHARGES FOR SERVICES				
GENERAL GOVERNMENT				
City Attorney	\$556,763	\$424,820	\$328,100	\$-96,720
Department of Employee Relations (DER)	306,582	282,700	295,000	12,300
City Treasurer	160,704	121,800	108,425	-13,375
Common Council - City Clerk	3,236,715	24,500	3,440,000	3,415,500
Comptroller	224,713	100,000	129,600	29,600
BID Assessment	3,371,020	4,480,621	4,120,000	-360,621
Deferred Compensation	614,599	1,015,087	0	-1,015,087
Election Commission	18,354	17,600	17,600	0
Municipal Court	1,207,982	1,312,300	1,156,400	-155,900
Public Debt Commission	155,655	245,000	210,000	-35,000
Assessor	1,590	500	1,000	500
Department of City Development	366,934	555,500	322,000	-233,500
Department of Administration	76,878	511,294	68,000	-443,294
Telecommunications Franchise Fees	0	3,100,000	0	-3,100,000
MPS Service Charges	3,566,917	3,234,869	3,406,200	171,331
Department of Neighborhood Services	2,096,700	1,885,500	1,787,600	-97,900
Building Razing	1,262,558	1,300,000	1,033,000	-267,000
Fire Prevention Inspections	1,055,487	1,020,000	1,050,000	30,000
Essential Services	65,663	55,000	65,700	10,700
Fire Department	1,496,710	1,300,000	1,452,500	152,500
Police Department	292,639	251,000	200,500	-50,500
Department of Public Works - Buildings and Fleet	4,599,316	2,965,000	3,000,000	35,000
Department of Public Works - Forestry	206,503	210,000	175,000	-35,000
Harbor Commission	1,736,948	2,226,008	3,293,885	1,067,877
Department of Public Works - Administrative Services	697,915	536,800	409,500	-127,300
Sanitation	910,124	0	860,000	860,000
Apartment Garbage Collection	631,556	814,224	800,000	-14,224
Solid Waste Fee	0	0	13,875,000	13,875,000
Snow and Ice Control Fee	0	0	3,000,000	3,000,000
Street Sweeping and Leaf Control	0	0	3,845,000	3,845,000
Infrastructure Services	3,652,690	2,566,800	2,754,600	187,800
Health Department	779,676	954,700	813,670	-141,030
Public Library	514,997	470,800	455,300	-15,500
County Federated System	1,805,859	1,654,200	1,805,900	151,700
Department Central Services Cost Recovered	704	0	0	0
TOTAL CHARGES FOR SERVICES	\$35,671,451	\$33,636,623	\$54,279,480	\$20,642,857
FINES AND FORFEITURES				
Municipal Court	<u>\$4,953,082</u>	<u>\$5,510,000</u>	<u>\$4,420,000</u>	<u>\$-1,090,000</u>
TOTAL FINES AND FORFEITURES	\$4,953,082	\$5,510,000	\$4,420,000	\$-1,090,000

	2000 ACTUAL EXPENDITURE	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
MISCELLANEOUS REVENUES				
	\$13,083,335	\$15,041,085		\$-6,791,085
Interest on Temporary Investments		6,300,000	4,700,000	
Contributions	428,832		675,000	0
	292,122	186,000		-32,500
DCD Property Sales		50,000	50,000	
Dept of Public Works - Buildings and Fleet - Rent	214,300		215,300	-7,700
	138,933	138,300		-1,300
DCD - Rent		250,000	250,000	
LIMP Revenue	94,770		85,000	85,000
	364,960	0		0
Environmental Remediation		0	0	
Other Miscellaneous	754,725		70,046	12,046
	0	0		960,000
Potawatomi		3,380,000	3,380,000	
TOTAL MISCELLANEOUS REVENUE	\$29,474,455		\$18,925,846	\$-7,375,539
 Fringe Benefit Offset	 \$15,172,751	 	 \$15,200,000	 \$-5,423,881
	\$15,172,751	\$20,623,881		\$-5,423,881
 COST RECOVERY	 	 	 	
	\$0	\$10,000		\$0
TOTAL COST RECOVERY		\$10,000	\$10,000	
TOTAL GENERAL FUND REVENUE	\$386,667,337		\$397,183,152	\$11,440,063
	\$66,635,058	\$81,760,757		\$3,603,675
Less:				
	\$11,250,000	\$5,500,000		\$2,000,000
TSF - 2000 Budget Adjustment Payment		0	3,500,000	
Property Tax Levy	55,385,058		74,364,432	-1,896,325
TOTAL SOURCE OF FUNDS FOR GENERAL CITY PURPOSES		\$467,503,846	\$482,547,584	

B. PROVISION FOR EMPLOYEES' RETIREMENT FUND

EXECUTIVE SUMMARY

PURPOSE:	To provide the means by which the city can track and monitor retirement-related expenditures and resources.
STRATEGIC ISSUES:	Maintain the health of the retirement-related funds in an era of increasing costs and variable earnings.

BACKGROUND

The Employees' Retirement Fund includes provisions for employee pensions, Police and Annuity Fund, Firemen Pension Fund, social security contributions, and the city's Deferred Compensation Program. The Employees' Retirement System (ERS) is responsible for administering the city's defined benefit pension plan for city employees and other members of the system. The system operates under the direction of the Annuity and Pension Board, a body of eight members (three elected by active system members, one by city retirees, three appointed by the President of the Common Council, and one, the City Comptroller, ex-officio). Retirement contributions for employees of the Milwaukee Metropolitan Sewerage District, the Wisconsin Center District, the Water Works, Milwaukee Public School Board (excluding teachers), and Milwaukee Area Technical College are borne by those respective governmental units and are not included in these appropriations. There are approximately 26,318 members in the system.

The Policemen's Annuity and Benefit Fund (PABF) administers pensions for city Police Officers em-

ployed prior to 1947. There were 302 members as of December, 2000. Police Officers who started working for the city after 1947 are covered by the Employees' Retirement System.

Funds in the Firemen's Pension Fund are provided for retired Fire Fighters who were employed prior to 1947. This fund had 247 members as of August, 2000. Fire Fighters who started working for the city after 1947 are members of the ERS.

The Former Town of Lake Employees' Retirement Fund provides retirement benefits to former Town of Lake employees that became city employees when the Town of Lake was annexed. At the present time there are five members.

Deferred Compensation is responsible for administration of the city's deferred compensation program.

The system also oversees the city's contribution for payment of the employer's share of social security tax.

ACTIVITIES

Annuity Contribution: In the 2002 budget, the city's share of employees' annuity contributions (5.5% of pay for general city employees and 7% for Police Officers, Fire Fighters, and elected officials) will increase by approximately \$0.9 million from the 2001 budget. The annuity contribution is budgeted at \$20.2 million for 2001, with \$17.7 million supported by the tax levy and \$2.5 million supported by the Employers' Reserve Fund and in 2002 it is \$21.1 million in tax levy funding.

Social Security Payments: Social security payments in the 2002 budget will increase by approximately \$45,000, or 0.29%, from 2001 budgeted levels.

Administration: In 2002, ERS administrative costs have essentially remained unchanged from the 2001 total of \$24.1 million, with an increase of only \$29,857. Included is \$7.0 million to automate administrative functions.

Pension Reserve Fund: The 2002 budget includes a \$1.0 million city contribution to the employers reserve fund. This will allow the city to reduce future liability and risk if the rate of return on investment falls below the accrual estimate.

Deferred Compensation Plan: Funding for the Deferred Compensation Plan moved from the General City Purpose section to the Employees' Retirement section to more appropriately reflect this account as a retirement related account.

OTHER CHANGES

Lump Sum - Police Annuity and Benefit Fund: The 2002 budget includes \$150,000 to settle a lawsuit be-

tween the city and the Police Annuity and Benefit Board. These funds will be deposited into the PABF.

SUMMARY OF EXPENDITURES

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
BUDGETS				
Firemen's Pension Fund				
Employer's Pension Contribution	\$262,227	\$271,000	\$263,000	\$-8,000
Lump-Sum Supplement Contribution	<u>0</u>	<u>1,104,651</u>	<u>0</u>	<u>-1,104,651</u>
SUBTOTAL	\$262,227	\$1,375,651	\$263,000	\$-1,112,651
Policemen's Pension Fund				
Employer's Pension Contribution	\$100,944	\$229,109	\$345,405	\$116,296
Administration	100,278	110,300	117,647	7,347
Annuity Contribution	4,413	7,554	7,554	0
Lump-Sum Supplement Contribution	<u>0</u>	<u>1,395,349</u>	<u>150,000</u>	<u>-1,245,349</u>
SUBTOTAL	\$205,635	\$1,742,312	\$620,606	\$-1,121,706
Employees' Retirement Fund				
Employer's Pension Contribution	\$193,000	\$0	\$0	\$0
Administration	11,748,477	24,112,175	24,142,032	29,857
Annuity Contribution-Tax Levy	21,045,138	17,702,290	21,077,280	3,374,990
Annuity Contribution-Reserve Fund	<u>0</u>	<u>2,500,000</u>	<u>1,000,000</u>	<u>-1,500,000</u>
SUBTOTAL	\$32,986,615	\$44,314,465	\$46,219,312	\$1,904,847
Social Security Tax	\$15,328,772	\$15,394,100	\$15,439,720	\$45,620
Former Town of Lake Employees' Fund				
Employer's Pension Contribution	\$34,015	\$114,799	\$114,799	\$0
Firemen's Pension Fund	<u>31,191</u>	<u>31,200</u>	<u>27,675</u>	<u>-3,525</u>
SUBTOTAL	\$65,206	\$145,999	\$142,474	\$-3,525
Deferred Compensation Plan	<u>\$0</u>	<u>\$0</u>	<u>\$1,085,755</u>	<u>\$1,085,755</u>
TOTAL	\$48,848,455	\$62,972,527	\$63,770,867	\$798,340
REVENUES				
Charge to other Governments	\$0	\$0	\$0	\$0
Fringe Benefits-Pensions	352,190	540,789	643,903	103,114
Charge to Pension Fund	11,669,946	23,989,175	25,036,755	1,047,580
Property Tax Levy	36,670,849	35,942,563	38,090,209	2,147,646
Employers' Reserve Fund (A)	<u>0</u>	<u>2,500,000</u>	<u>0</u>	<u>-2,500,000</u>
TOTAL	\$48,692,985	\$62,972,527	\$63,770,867	\$798,340

DEFERRED COMPENSATION PLAN

EXECUTIVE SUMMARY

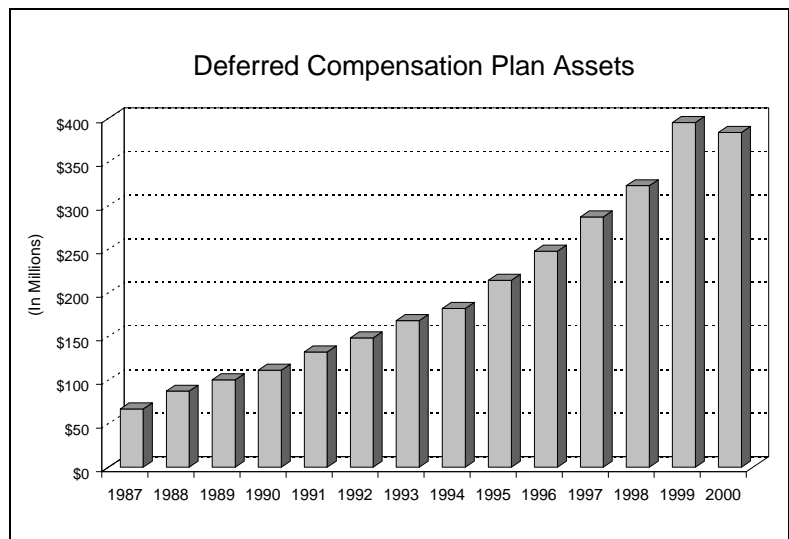
MISSION:	To provide a tax deferred retirement savings option for city employees that is cost effective and responsive to the needs of its participants and which is in accordance with Section 457 of the Internal Revenue Code.
STRATEGIC ISSUES:	Continue a responsive organizational structure and enhance labor/management partnerships. Offer a wide variety of investment options to meet the needs of participants.
INITIATIVES FOR 2002:	Continue to provide administration for the Deferred Compensation Plan in the most efficient manner. Explore, and implement if appropriate, a self-directed investment account option for plan participants. Evaluate and implement, where appropriate, additional deferral and benefit options made possible through the Enactment of the Federal Economic Growth and Tax Relief Act of 2001.

BACKGROUND

Section 5-50 of the Milwaukee City Charter allows for establishment of a Deferred Compensation Plan. The plan is a non-qualified, tax deferred retirement plan governed under Section 457 of the Internal Revenue Code. Such a plan allows city employees to defer, or set aside, a portion of their income before federal and state taxes are withheld. The income is not taxed until it is withdrawn from the plan, usually at retirement, when an individual's marginal tax rate may be lower.

The Deferred Compensation Plan has been in existence since 1974 and was opened to all employees in 1977. It is funded entirely by payroll and rollover contributions of city employees and associated earnings. The plan is administered by a nine-member Deferred Compensation Board, which has hired contractors to perform daily activities in enrollment, record keeping, marketing and investment selection, and monitoring. In 1987, the plan was unbundled to offer participants five investment options in which to invest their funds. As shown in Figure 1, the plan has grown to its present size of approximately 7,110 active and retired participants, which is a 89% rate of

Figure 1



participation, with assets of \$378.7 million (as of 06/30/01).

The Deferred Compensation Plan was previously administered from the Office of the Comptroller, but a separate budgetary control unit was established in 1996. The plan is self-sustaining and does not impact the City of Milwaukee's tax levy. Participants pay for

all plan expenses. Funding was moved from the General City Purpose section to the Provision for

Employee's Retirement Fund to more appropriately reflect this account as a retirement related account.

OBJECTIVE 1

Maintain a qualified, cost effective and responsive Deferred Compensation Plan in accordance with Section 457 of the Internal Revenue Code and employees' needs as measured by increased employee participation and cash flow.

OUTCOME HISTORY

The present menu of investments consists of "new plan" and "old plan" investments. The "old plan" investments are two insurance company contracts, which provide a fixed return, and a variable return for as long as funds are accumulated during an employee's working years. "Old plan" investments of this sort were used exclusively during the first decade of the plan's existence, largely because no real alternative existed for 457 plans. In 1987, the Board closed "old plan" investments to new monies. Arrangements were made with the insurance carriers to enable participants to move out of these investments if they so desired. As a result, today only about \$2.4 million of the plan's assets remain in "old plan" investments.

Participants can choose their payroll contribution to be deposited into six different investment options. Last year five plan investment options were offered. This year six plan investment options will be offered. Since this is a participant-directed plan, the decision of which investment option(s) to use is made entirely by the participant. The Board hires a third-party administrator to provide education to participants about the varying investment characteristics of each of the six options. The Board has assumed responsibility for specifying the options from which participants make their choices. The Board focuses on broad investment categories, or strategies, in making options available to participants. The six investment options are Stable Value Account, Income Account, Socially Conscious Balanced Account, Passively Managed Equity Account, Actively Managed Equity Account, and International Equity Account. Supporting the investment options are either a group of investment contracts selected by the plan's discretionary investment manager for the Stable Value

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Increase active employee participation by 2%.	56.6%	68.0%	65.0%
Increase participant cash flow by 2%.	\$5,281	\$4,882	\$4,396
Funding by Source:			
Operating Funds	\$713,125	\$1,015,087	\$1,085,755
(Employee Contributions)			
Total:	\$713,125	\$1,015,087	\$1,085,755

Account or a group of mutual funds selected by the Board for the other five accounts.

By offering a variety of investment options, the Board provides plan participants with an opportunity to diversify their investments. The Board has improved investment returns to the participants by actively seeking out manager fee reductions, institutional class fund shares, 12 B-1 fee credits and low operating cost funds.

The 2002 budget provides approximately \$1.1 million in funding towards this objective.

ACTIVITIES

- Enrollment, agreement processing, payroll changes, future allocation changes, quarterly reporting, participant advising, and educational seminars
- Invest in six investment options
- Receive and deposit participant contributions

PROGRAM CHANGES

Self-Directed Investment Option: In addressing diverse participants needs, the Board may offer a self-directed account as a seventh investment option. The self-directed account would include a mutual fund window and possibly a full brokerage service account which would provide participants with more investment flexibility and options. The Board has issued a Request for Proposal. If a contact is

awarded, the self-directed investment option would be available in 2002.

Deferral Limits and Catch-Up Changes: Deferral and catch-up changes will change in 2002. The current law limits the amount that 457 (b) investors can defer to \$8,500. The deferral limit will increase to \$11,000 in 2002. In addition, the current law states that the annual catch-up is capped at \$15,000 (in three years ending before normal retirement age). In 2002, the catch-up amount will increase to \$22,000.

The catch-up contributions for workers 50 years and older is currently limited to \$8,500. In 2002, participants' age 50 or older may make additional contributions equal to \$1,000 in 2002 and may increase by

\$1,000 each year to \$5,000 in 2006 then indexed in \$500 increments (subject to the rate of inflation). It is important to note that the age 50 catch-up may not be used during the three years before normal retirement age if using the regular 457 catch-up.

Tax Credit for Lower Income Savers: Currently there is no tax credit for low and moderate-income savers who make elective deferrals to any employer-sponsored plan or IRA. In 2002, eligible persons will receive a non-refundable tax credit of up to 50% of income with a maximum annual contribution of \$2,000 in elective deferrals to a 457 in addition to the tax deferral. This provision is expected to expire in 2006.

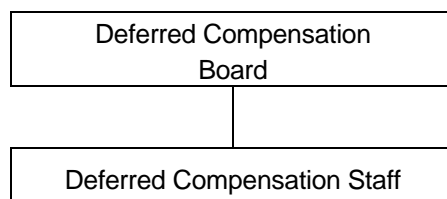
BUDGET SUMMARY

	2000* ACTUAL EXPENDITURES	2001* ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	1.97	2.00	2.00	0.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	2	2	2	0
DLH - Operations and Maintenance	3,554	3,792	3,600	-192
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$112,617	\$111,586	\$110,958	\$-628
Fringe Benefits	32,892	36,823	37,726	903
Operating Expenditures	564,568	789,178	862,071	72,893
Equipment	3,048	2,500	0	-2,500
Special Funds	<u>0</u>	<u>75,000</u>	<u>75,000</u>	<u>0</u>
TOTAL	\$713,125	\$1,015,087	\$1,085,755	\$70,668
REVENUES				
Charges for Services	<u>\$614,599</u>	<u>\$1,015,087</u>	<u>\$1,085,755</u>	<u>\$70,668</u>
TOTAL	\$614,599	\$1,015,087	\$1,085,755	\$70,668

CAPITAL PROJECTS - None

* Previous funding and experience is presented for informational purposes only.

ORGANIZATION CHART



EMPLOYES' RETIREMENT SYSTEM

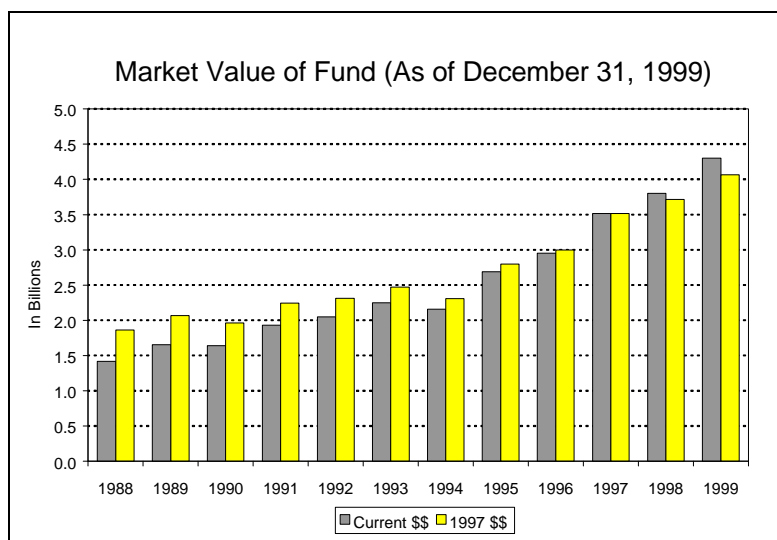
EXECUTIVE SUMMARY

MISSION:	To administer the payment of retirement and other benefits to eligible persons as provided under city charter and also to provide member services to those individuals.
STRATEGIC ISSUES:	<p>Maintain the financial health of the pension fund through sound financial and investment management techniques.</p> <p>Respond to a growing number of requests for information from pension system members, city departments and agencies, and outside entities.</p> <p>Improve the efficiency and responsiveness of the system's administration through automation.</p>
INITIATIVES FOR 2002:	<p>Maintain oversight of the investment portfolio in order to achieve sufficient returns while also curbing the variability of the fund's asset value.</p> <p>Continue ERS' information technology efforts by implementing data remediation/enhancement projects; and initiating the implementation of a Pension Management Information System (PMIS).</p> <p>Address internal control issues to properly safeguard pension assets.</p> <p>Continue implementation of the Pension Global Settlement.</p>

BACKGROUND

The Employees' Retirement System (ERS) of the City of Milwaukee was created by an act of the Wisconsin Legislature in 1937 to provide retirement-related benefits for members and their beneficiaries. ERS also administers the city's contribution for payment of the employer's share of social security as well as the group life insurance program for city workers and COBRA health care for retirees. As of December 31, 1999, there were approximately 26,318 members (actives, inactive, and retirees) in the system and the value of the fund stood at an estimated \$4.28 billion. Figure 1 shows growth in the value of the fund over time. From 1995 to 1999, the fund has consistently posted double-digit returns, reflecting a bullish stock market. Over the five-year period ending December 31, 1999, the fund experienced an annualized return of 14.5%.

Figure 1



Recently, the economy has slowed, with the same slowing occurring in the stock market. Returns are expected to be much lower in 2000 and 2001.

The Annuity and Pension Board is trustee of the funds in the system and is charged with general administration of the system. The Secretary and Execu-

tive Director function under the direction of the board and are responsible for daily operation of the office.

OBJECTIVE 1

Achieve a higher than average rate of return on the fund as measured by exceeding the rate of return of the Custom Benchmark Index by 1.0 in 2002.

OUTCOME HISTORY

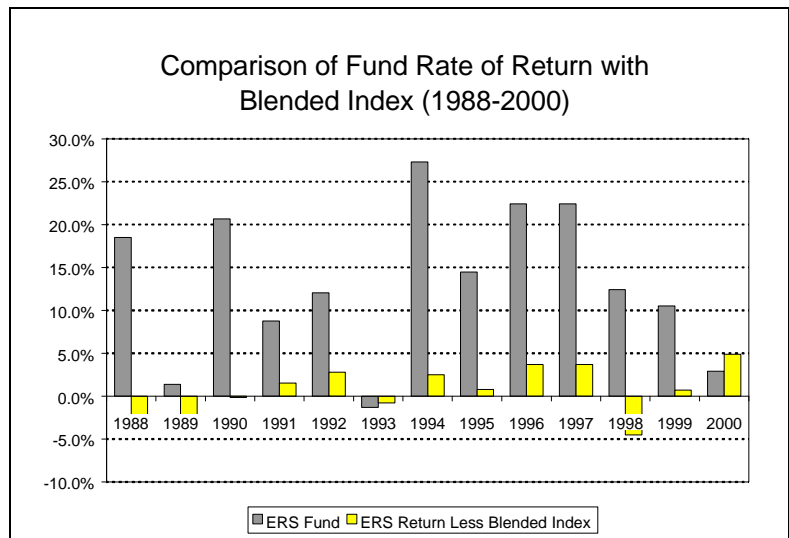
To attract, hire, and retain quality employees, the city must provide employee benefits competitive with those available in the private market. In an era of increasing uncertainty about the funding of social security and increased longevity of employees, retirement benefits are an area of growing concern to both prospective and current employees.

An important objective of ERS is to manage the retirement fund prudently and efficiently so that sufficient resources will be available in the future to pay retirees' pension benefits as defined by the city charter. To meet this objective, ERS strives to achieve a balance between achieving high returns while also minimizing the variability of the fund's asset value. Both theory and evidence strongly support that a tradeoff exists between these two objectives; that is, the higher the return of the fund, the greater its variability. In essence, a higher than average return on a stock or bond is an investor's reward for taking on additional risk and accepting the potential for greater variability. In 2002, the department will allocate \$11.0 million towards meeting this objective.

Program Result Measures: To measure the fund's performance, ERS compares the return of the retirement fund against a blended benchmark index consisting of the following indices: Russell 3000 Stock Index, the Lehman Brothers Aggregate Bond Index, the Morgan Stanley Capital International EAFE (Europe, Australiasia, Far East) Index and the Russell NCREIF index. The NCREIF index pertains to real estate investments. The blended benchmark is weighted according to asset allocation strategy established by ERS.

Outcome Indicators and Funding			
	2000 Experience	2001 Budget	2002 Projection
Exceed the rate of return of the Custom Benchmark Index.	4.9	0.5	1.0
Funding by Source:			
Operating Funds	\$8,348,173	\$14,506,993	\$11,036,901
Total:	\$8,348,173	\$14,506,993	\$11,036,901

Figure 2



Over the long-term, ERS' objective is for the fund to outperform the blended benchmark by 1.0% points. ERS' asset allocation strategy is designed to take advantage of long-term investment and market trends that occur over the life of an investment cycle.

The funds' rate of return, net of fees paid to investment managers, exceeded the blended benchmark by 3.7% in 1997, fell below the blended benchmark in 1998 by 4.5%, in 1999 by .7% but then exceeded the blended benchmark in 2000 by 4.9%

Another benchmark for comparison purposes is the fund's policy of 8.5% return on the assets of the fund. This policy is the actuarial assumed rate of return that approximately covers the growth liabilities of the fund;

i.e., the pensions owed to present and future retirees. For the five year period ending December 31, 2000, the fund's annual rate of return reached 13.1% surpassing by 1% the benchmark's annual return of 12.1%.

ACTIVITIES

- Design and update asset allocation policy
- Select and negotiate money management contracts
- Monitor and evaluate money manager returns, investment strategies, and adherence to stated investment goals and objectives

PROGRAM CHANGES

Money Management Contracts, Investment Fees, and ERS Administrative Costs: Actual expenditures in 2002 will depend on how well the money managers perform. It is estimated that 2002 money manager costs will total \$10.2 million. In 2002, all management contracts and investment fees and administration expenses will be paid from fund assets making the financing of ERS consistent with the standards of the industry.

OBJECTIVE 2

Maintain high levels of customer service for active pension members, retirees, and group life policy claimants by exceeding a 90% favorable rating on customer satisfaction surveys.

OUTCOME HISTORY

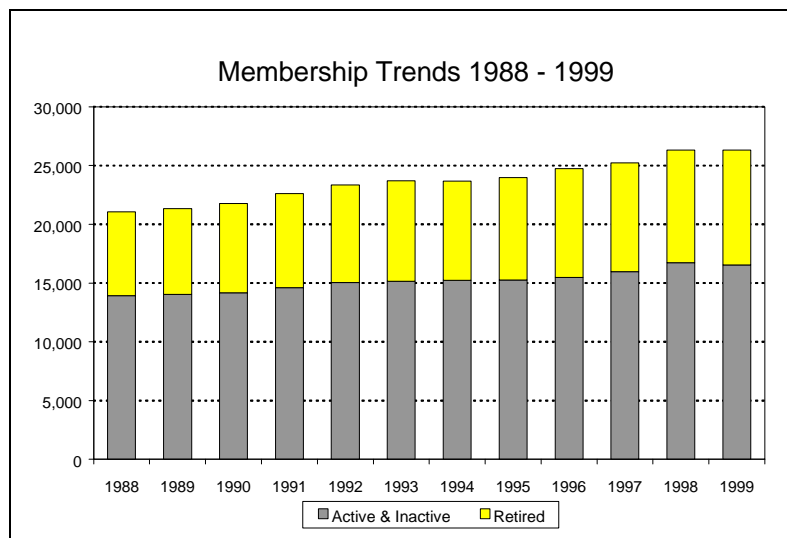
Essential to the goal of attracting and retaining the best employees is the level of employee benefits provided and the delivery of those services in an expeditious, careful, and courteous manner. ERS interacts with city employees on several levels in the delivery of pension benefits, including the provision of benefit estimates, pension counseling, the processing of retiree benefits, and the completion of death claims for the group life program. Figure 3 shows the growing membership of the pension system ERS serves.

For purposes of achieving this objective, ERS will allocate approximately \$6.1 million to improve customer satisfaction with the administration of pension benefits.

Program Result Measures: With the hiring of a Member Services Manager, ERS will develop a number of outcome indicators to measure the quality of its services to city employees. To measure the quality of its counseling services, ERS will develop a customer evaluation procedure to determine how satisfied city employees are with their pension counseling sessions and the other assistance they receive from the ERS. The goal is to

Outcome Indicators and Funding			
	2000 Experience	2001 Budget	2002 Projection
Exceed 90% favorable rating on customer satisfaction surveys.	N/A	90.0%	90.0%
Complete 95% of death claims within 48 hours.	0.0%	95.0%	95.0%
Funding by Source:			
Operating Funds	\$3,066,325	\$9,227,817	\$6,061,687
Total:	\$3,066,325	\$9,227,817	\$6,061,687

Figure 3



achieve a 75% "favorable" rating from at least 90% of ERS members. ERS plans to have this completed by the end of 2002.

ERS also administers the group life insurance program. An important goal for ERS is to process death claims quickly. A quick turnaround is especially important for death claims because of the uncertainty and hardship faced by family members following a death. The ERS goal is to process 95% of death benefit claims within 48 hours of receiving all the necessary information.

ACTIVITIES

- Provision of benefit estimates
- Counsel pension members
- Maintenance of membership records and update payroll records
- Administer the group life insurance program and process death claims
- Administer COBRA health care and dental care payments for city retirees

OBJECTIVE 3

Improve ERS' customer service and operational effectiveness through the acquisition, design, development, and implementation of information systems solutions.

OUTCOME HISTORY

It is essential to continually examine the delivery of ERS' services to assure that they are provided in a timely, accurate, efficient, and cost effective manner. The greater incorporation of information technologies into the delivery of pension-related services promises to substantively improve the administration of ERS. In 2002, ERS will allocate \$7.0 million towards information systems development.

ACTIVITIES

- Research, acquire, and begin implementation of a document management system;
- Implement a Pension Management Information System (PMIS);
- Initiate a multi-phased data remediation project
- Design, develop, and implement tactical computer-based solutions in response to the global pension settlement; and
- Continue the remediation/enhancement of existing systems including mainframe and server-based application, and the development and maintenance of business process models.

PROGRAM CHANGES

Technology Improvements: At present, much of the administration of pension benefits requires human intervention in the calculation and updating of benefits. In estimating pension benefits, the necessary data must now be gathered manually from files that contain individual employee histories. The actual calculation

Outcome Indicators and Funding

	2000 Experience	2001 Budget	2002 Projection
Funding by Source:			
Operating Funds	\$333,979	\$377,365	\$7,043,444
Capital Budget	3,174,734	2,030,000	0
Total:	\$3,508,713	\$2,407,365	\$7,043,444

of benefits requires an evaluation of the retrieved data to ascertain the values of the key variables required to compute projected benefits. Updating payroll records to conform with the city cost of living adjustment policy, retroactive pay adjustments for retirees, and other pension enhancements also requires manual intervention and calculation.

The 2002 budget includes \$7.0 million to undertake the pursuit of three multi-phase, multi-year projects which include:

- Document Management System
- Data Remediation
- Pension Management Information System

The objectives of the Document Management System are to protect the critical business information contained in the ERS member records, provide timely electronic access to records at ERS employee workstations, and substantially reduce the filing and retrieval problems fostered by a manual paper-based system.

The objectives of the data remediation project are to ensure that the electronic recording of information in paper format is correct and complete, to verify that all required documents for active employee and deferred retiree files are present, and to prepare and organize documents for indexing and imaging.

The objective of the Pension Management Information System (PMIS) project is to automate the essential business functions of ERS as they relate to member services, both before and during retirement. Specifically, the PMIS will include:

- Historical record keeping of pension data for employees of the City of Milwaukee and related agencies for which ERS provides pension management services;
- Automation of pension payments for employees of the City of Milwaukee and related agencies;
- Calculation of pension benefits and estimates that

follow the rules established in chapter 36 of the city charter;

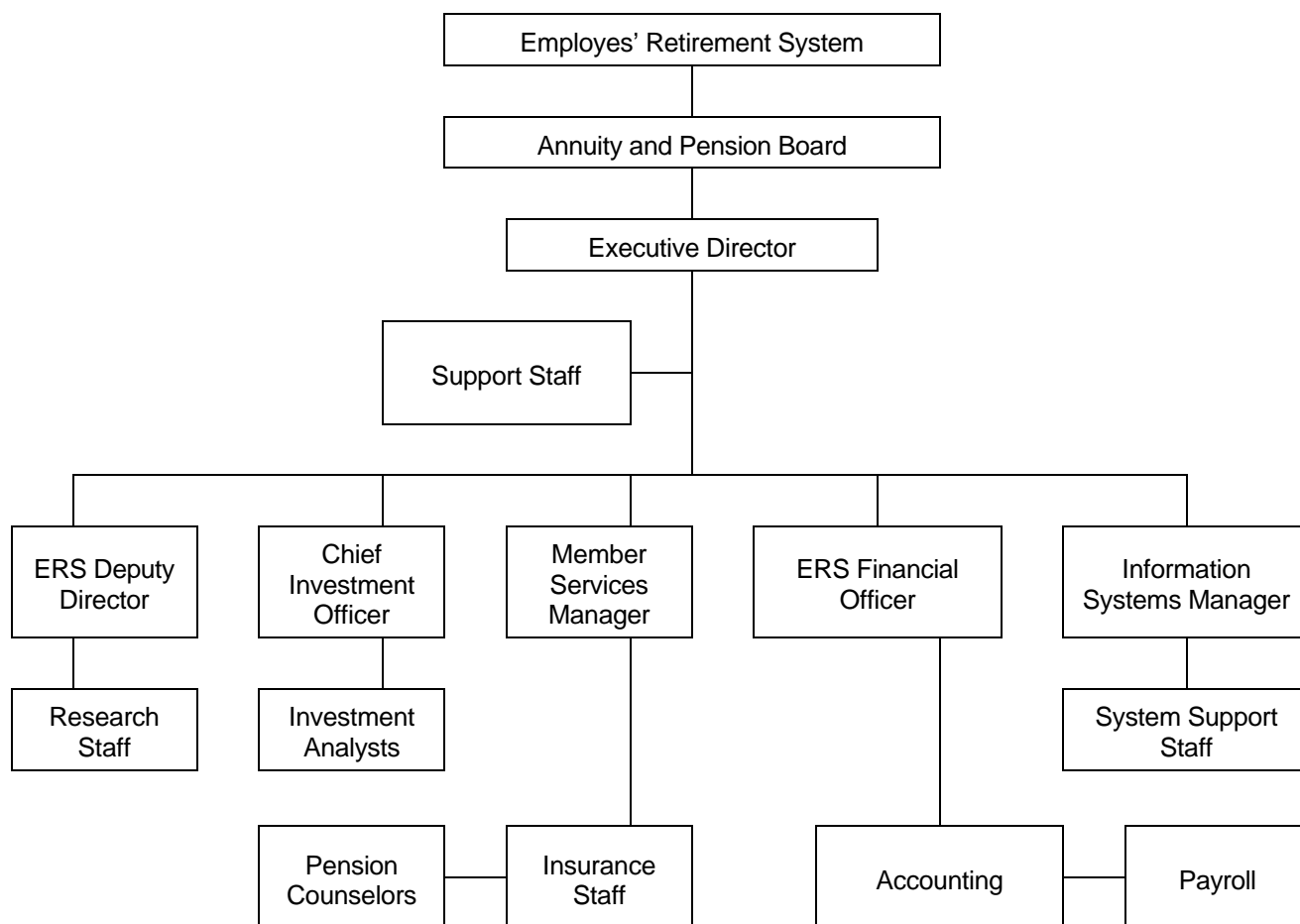
- Automation of pension payments in a manner that ensures timely processing of accurate payments;
- Administration of life, health, and COBRA dental programs; and
- Automation workflow and information sharing technologies.

Although \$7.0 million is the amount included in the 2002 budget, future appropriations will be required to support and complete these three multi-year information technology initiatives.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	24.63	35.00	38.00	3.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	39	38	40	2
DLH - Operations and Maintenance	44,334	63,000	69,000	6,000
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$1,122,498	\$1,619,963	\$1,870,272	\$250,309
Fringe Benefits	346,267	534,588	635,892	101,304
Operating Expenditures	1,890,420	2,112,623	12,415,868	10,303,245
Equipment	1,633	1,000	20,000	19,000
Special Funds	<u>8,387,659</u>	<u>19,844,001</u>	<u>9,200,000</u>	<u>-10,644,001</u>
TOTAL	\$11,748,477	\$24,112,175	\$24,142,032	\$29,857
REVENUES				
Charges for Services	<u>\$11,669,946</u>	<u>\$23,989,175</u>	<u>\$23,869,864</u>	<u>\$-119,311</u>
TOTAL	\$11,669,946	\$23,989,175	\$23,869,864	\$-119,311
CAPITAL PROJECTS - None				

ORGANIZATION CHART



DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

Positions	O&M FTEs	Oper. Funding	Position Title	Reason
1	1.00	\$49,313	Pension Accounting Specialist	To meet accounting needs of the retirement system.
1	1.00	\$35,457	Program Assistant II	To provide additional administration for Group Life Insurance and health insurance.
1	1.00	\$36,487	Program Assistant II	To provide additional administration for payroll and earnings history functions.
-1	0.00	\$-2,655	Board Member	Technical change that does not reduce board membership but reduces members paid by ERS.
2	3.00	\$118,602	TOTAL	

C. CAPITAL IMPROVEMENTS FUNDS

EXECUTIVE SUMMARY

MISSION:	To maintain and enhance the city's infrastructure in a cost-efficient and effective way so as to ensure that the city remains economically competitive.
STRATEGIC ISSUES:	<p>Prepare a six-year capital improvements plan to identify long-range capital needs and to establish spending, debt, and tax rate goals.</p> <p>Develop investment strategies to ensure favorable rates of return on city capital investments.</p>
INITIATIVES FOR 2002:	<p>Continue to convert funding for recurring infrastructure preservation projects from borrowing to cash financing as required by resolution.</p> <p>Continue to evaluate the condition of the city's infrastructure by utilizing data-based condition assessment project planning.</p> <p>Implement a capital equipment replacement program within the Department of Public Works.</p> <p>Implement a technology innovation initiative.</p>

BACKGROUND

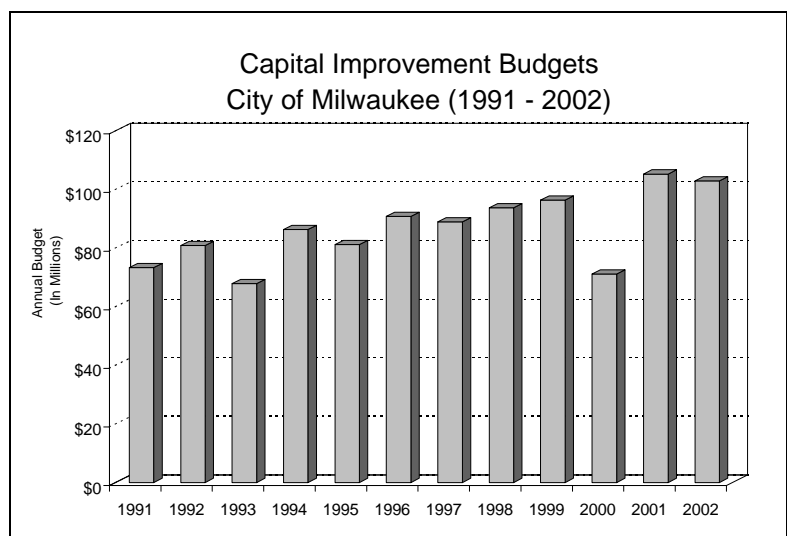
The 2002 capital improvements budget represents the initial year of a six-year capital improvements plan. The budget reflects the city's capital needs and identifies project costs and funding sources. Capital improvements may include projects to reconstruct, rehabilitate, or otherwise restore an existing system or

facility to full functionality. They may also include projects to construct a new or more expansive facility to meet increased demands, or to enhance economic development through job creation, business formation, and housing production.

HIGHLIGHTS

The 2002 capital improvements budget totals \$102,842,313, a decrease of \$2,406,076 or almost 2.3%, from the 2001 budget of \$105,248,389. The tax levy-supported portion of the capital budget, which includes tax levy cash resources as well as tax levy-supported general obligation debt, totals \$73,806,220 an increase of \$10,338,741 or 16.3% from the 2001 budget of \$63,467,479. Of this increase, tax levy cash resources increased \$3.7 million, from \$13,285,837 in 2001 to \$17,015,819. This increase reflects the funding of \$4.8 million of major equipment in the capital budget, and the city's continuing commitment to the Cash Conversion Policy for recurring infrastructure projects.

Figure 1



The city's long-term obligation debt totals \$52,990,401. Net of the \$4,000,000 to complete the Police Third District Station and Data/Communications Center, the city would continue to maintain general obligation borrowing for capital projects at the \$50 million level. In addition, the capital budget also provides \$3.8 million for two projects that will be issued as short-term debt: the Equipment Replacement Program (\$3.3 million) and the Technology Initiative (\$500,000).

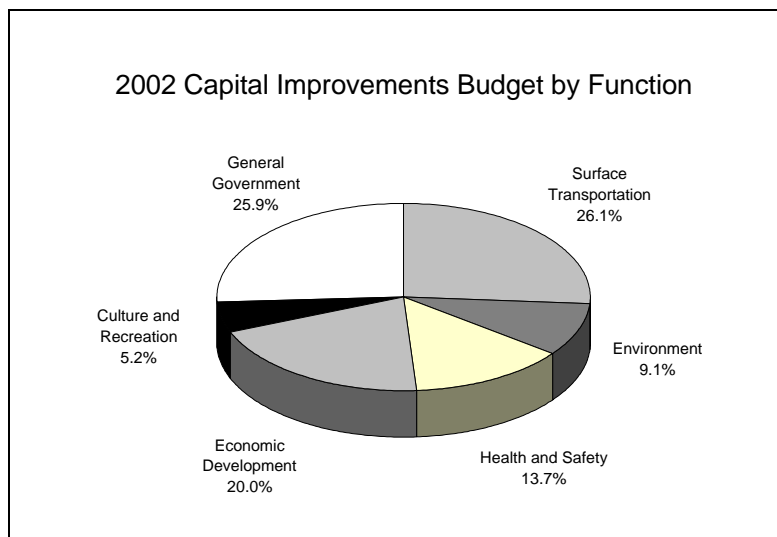
Figure 1 shows capital improvement budgets from 1991-2002. As shown, the capital improvement budget increased significantly between 1991 to 1995, and remained relatively stable between 1995 to 1999. In 2000, the capital improvement budget was significantly lower than those for the period between 1995 to 1999. In 2001, the capital improvements budget reverted back to historical levels and is maintained in the 2002 budget.

Figure 1 has been adjusted to remove Sewer Relief and Relay Projects to provide accurate year-to-year comparisons of capital funding levels. In 2000, all Sewer Relief and Relay projects were transferred to the Sewer Maintenance Fund, thereby reducing the amount of capital supported by the city.

Functional Categories: Projects included in the 2002 city-funded capital improvements budget are categorized in six functional areas, including surface transportation, environment, health and public safety, economic development, culture and recreation, and general government. Figure 2 illustrates the portion of the capital budget allocated to each functional area. (Water, Parking, Sewer Relief and Relay, and Grant and Aids are excluded.)

The general government project category is the largest capital functional area. Approximately \$24.1 million, or 25.9% of capital budget resources, are provided for this purpose. In 2001, \$17.7 million was provided for this purpose. The primary reasons for the increase in 2002 are the addition of the Equipment Replacement Program (\$3.3 million), the Technology Initiative (\$500,000), and the City Telephone Switch Replacement (\$5,000,000), as well as a number of maintenance projects for general city buildings.

Figure 2



Funding for surface transportation-related projects comprises the second largest functional area, or 26.1% of the capital budget. Approximately \$24.3 million is provided for this purpose. Major transportation projects include:

- Major bridges (\$2,116,000)
- Streets and alleys (\$12,693,602)
- Street lights (\$6,704,000)

Economic development projects constitute 20.0% of tax levy-supported capital funding, or \$18.6 million. Tax Incremental Districts (TIDs), amount to \$14.5 million, or 77.8% of the funding for economic development projects. Development district projects are the second largest type of projects within the economic development function, amounting to \$2.4 million, or 12.6%.

Health and safety-related projects represent the fourth largest portion of the capital budget in 2002. Approximately 13.7%, or \$12.8 million, of the city's capital budget is provided for this purpose. A significant portion of funding allocated to this functional area will renovate the Police Administration Building (\$2,100,000), complete construction of the new Police Department Data and Communication Services Center and Third District Station (\$4,000,000) and replace the obsolete Automated Fingerprint Identification System (\$1,500,000). A new Major Capital Equipment account will provide the Fire Department funding to acquire a new ladder truck, three pumper trucks, and one paramedic ambulance.

Funding for the environment comprises 9.1%, or \$8.5 million of the city's capital budget. The 2001 budget included \$7.7 million for environmental projects. In 2002, the new DPW-Operations Division will receive funding for \$3.1 million in major equipment including sweepers, tractors, aerial trucks, dump trucks, and garbage packers. This purchase will replace aged equipment that is beyond economical repair.

Culture and recreation-related projects represent approximately 5.2% of the capital budget, or \$4.8 million. In addition to providing funding for the Central and Neighborhood Libraries and the city's tot lots, the 2002 budget includes funding of \$2.7 million to complete construction of the new Finney neighborhood library. Total costs associated with the Finney construction project are projected to be \$4.3 million.

Infrastructure Versus Total: Over the past decade, the city has made a concerted effort to fund adequately the maintenance, replacement, and, when appropriate, the expansion of the city's infrastructure system. Analysis conducted by the Budget Office concluded that during the period 1985-1996, capital investments by the city not only replaced infrastructure value lost due to normal wear and tear, but also increased the inflation-adjusted value of Milwaukee's share of regional public infrastructure by 4.6%.

Figure 3 shows the city's annual investment in infrastructure systems. These are real dollar amounts, meaning they have been adjusted for inflation. The core investment of \$50,000,000 is constant throughout the seven years. This demonstrates the city's on-going commitment to sufficiently fund its infrastructure needs.

In 2000, all Sewer Relief and Relay projects were transferred to the Sewer Maintenance Fund, thereby reducing the amount of capital supported by the city general purposes tax levy. Sewer Relief and Relay projects are now funded by the Sewer Maintenance Fee. Figure 3 has been adjusted to remove Sewer Relief and Relay projects in order to provide accurate year-to-year comparisons of capital funding levels.

Figure 3

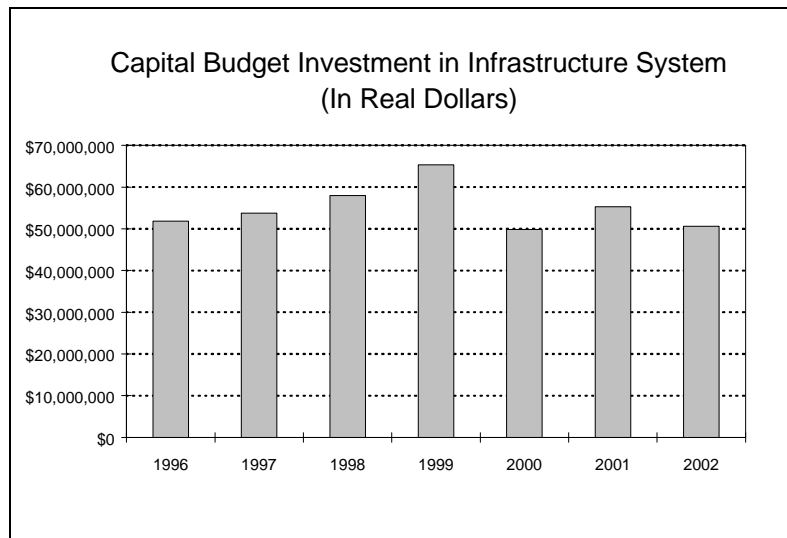
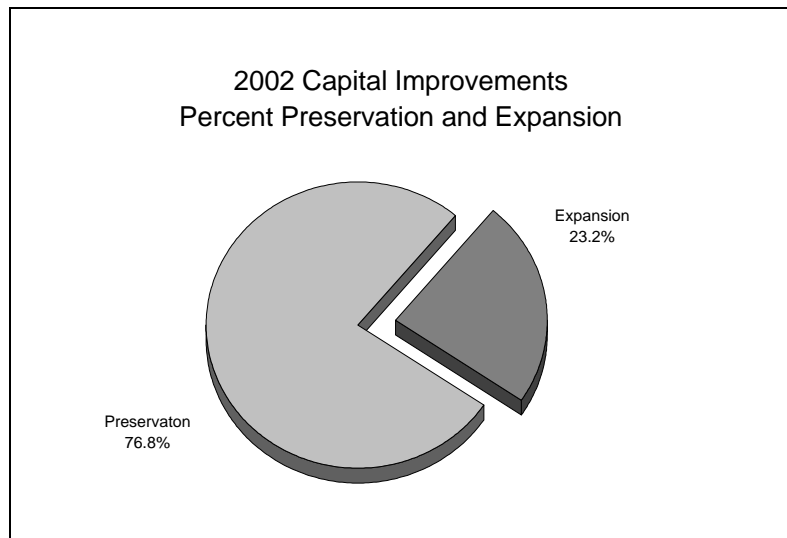


Figure 4



The 2002 capital improvements budget continues the city's long-standing policy of sufficiently funding infrastructure needs. In nominal terms, the portion of the city's 2002 capital budget dedicated to infrastructure (which includes sewers, streets, alleys, sidewalks, traffic controls, etc.) totals \$28.0 million. This is a \$4.8 million decrease from 2001 but is slightly higher than the 2000 amount of \$27.3 million.

Two programs account for the majority of the decrease. Expansion of Sewer Capacity decreased \$1.9 million from 2001 to 2002. The higher than average 2001 appropriation funded the installation of higher capacity replacement sewer on East North Avenue

from the Milwaukee River to North Bartlett Avenue. Major streets decreased because of funding for the Fond du Lac Avenue reconstruction in 2001.

Preservation Versus Expansion: Capital projects are further classified into two categories: preservation and expansion. Figure 4 illustrates the proportion of capital projects that either preserve or expand the city's infrastructure. As shown, a major portion of the total capital budget, \$79.0 million (excluding sewer relief and relay and grant and aid funding), or 76.8%, is allocated to preserving existing infrastructure, namely the city's sewer and transportation systems. This level of funding for preservation projects reflects the advancing age of many of the city's infrastructure systems and the level of investment needed to maintain the condition of these systems.

The 2002 capital budget provides \$23.9 million, or 23.2%, for expansion projects. These projects include economic development-related projects, and new street and expansion of capacity sewer construction projects.

Funding Sources: The 2002 capital budget is financed through several funding sources including the property tax levy, tax levy-supported debt, tax incremental districts, special assessments, cash revenues, and grants and aids (grant and aid not directly spent by the city is excluded). Figure 5 shows funding sources for the 2002 city-funding capital budget.

The largest source of funding for capital projects is tax levy-supported debt financing, approximately \$56.8 million, or 55.3%, of total funding. This is an increase of nearly \$6.6 million from the 2001 level.

The second largest funding source is tax levy (cash) financing which totals \$17.0 million, or 16.5%, of total city funding in 2002. In the 2001 budget, this source of funding totaled \$13.2 million.

Figure 6 shows cash and debt financing trends for capital improvements from 1991 to 2002. As shown, cash financing of capital improvements increased to as much as \$25 million between 1991 and 1999. This

Figure 5

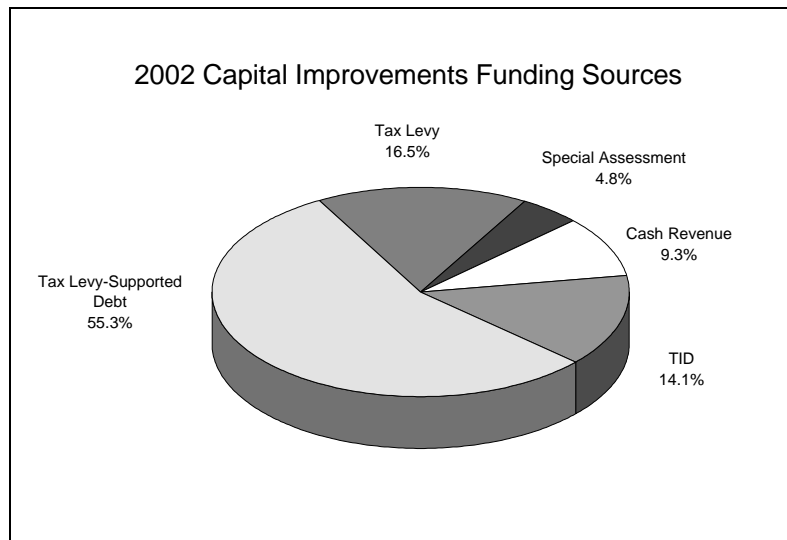
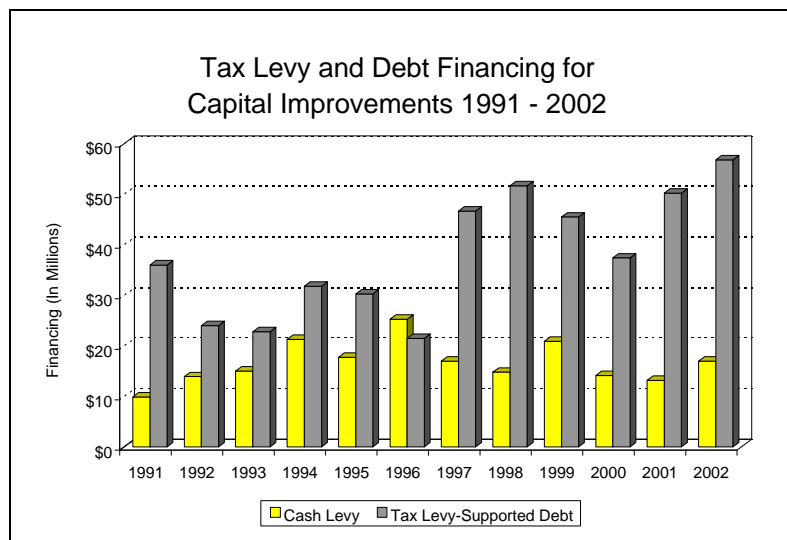


Figure 6



increase is due, largely, to the infrastructure cash conversion policy. The lower levels of cash levy financing from 2000 through 2002 are due to the transfer of Sewer Relief and Relay, which was part of the Infrastructure Cash Conversion Policy, to the Sewer Maintenance Fund. Tax levy-supported debt has fluctuated between \$21 million and \$56.8 million between 1991 and 2002, with increases primarily due to the effects of large one-time capital projects. All figures in Figure 6 have been adjusted to remove Sewer Relief and Relay projects to provide accurate year-to-year comparisons of capital funding levels. In 2000, all Sewer Relief and Relay projects were transferred to the Sewer Maintenance Fund, thereby reducing the amount of capital supported by the city.

Other non-tax levy-related funding sources for the 2002 capital budget include cash revenues totaling \$9.6 million, special assessments totaling \$4.9 million, and tax incremental financing totaling \$14.5 million. In addition, certain city infrastructure projects receive funding from state and federal grants and aids which are expected to total \$25.6 million. These funds are reflected in the budget as footnotes since the city does not control how they are expended.

Cash Conversion Policy: In 1986, the Common Council adopted a resolution that gradually converts funding for recurring infrastructure projects from borrowing to cash financing through the year 2005. This strategy was employed to decrease overall debt, and ultimately reduce costs and resulting tax levies for, what are in effect, annually recurring replacement projects. Figure 7 graphically illustrates the effects of the cash conversion policy since 1986.

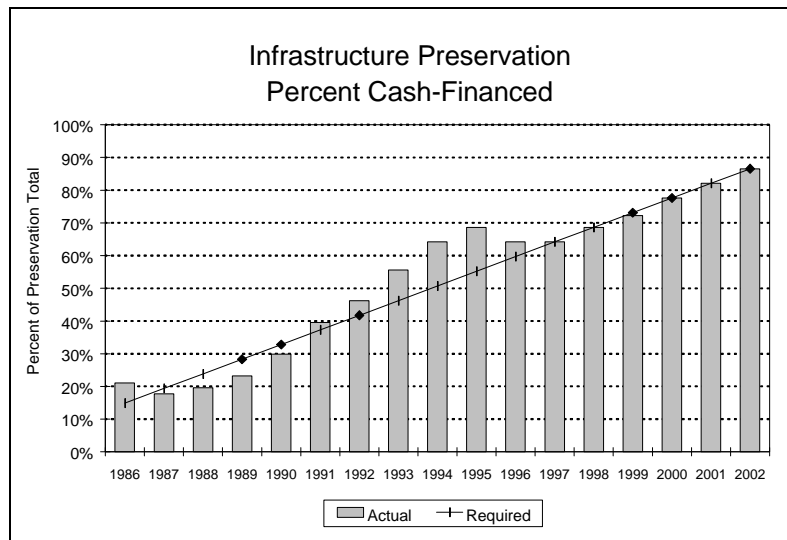
In the 2002 capital budget, infrastructure projects are cash financed at 86.6%, the resolution level. This level of funding reflects an additional cash commitment of \$600,000. The recurring infrastructure budget totals approximately \$13.0 million. This is a \$200,000 increase from 2001 funding levels.

Capital Project Detail: Detail of each individual capital project is provided in the appropriate department summary.

Note: The information contained in this budget summary regarding tax levy-supported debt and cash levy-financing of capital projects does not reflect the detailed budget. The detailed budget has been adjusted to reflect a change, recommended by the City Comptroller, to utilize Public Debt Amortization Fund (PDAF) assets to offset a portion of the tax levy allocated to finance the capital budget. This action significantly skews the financing of the capital budget as well as the infrastructure cash conversion policy. The data contained in this summary does not reflect this change so that an accurate depiction of capital financing can be presented.

The Public Debt Commissioners approved a PDAF withdrawal totaling \$7.0 million to purchase city debt, a reduction of \$4 million from 2001 levels. The proceeds of this debt will be used to substitute for

Figure 7



capital cash that would otherwise have to be levied. Consequently, \$7.0 million in tax levy (cash) financing of capital projects is replaced by debt issued through the PDAF. However, this debt will be immediately canceled upon purchase avoiding debt service costs in the ensuing year and resulting in no tax levy impact in 2002, or thereafter. (For further discussion of this issue, see "City Debt" in the 2002 Plan and Budget Summary.)

2002 HIGHLIGHTS AND CHANGES

Major Equipment Accounts: In 2002, several new accounts titled Major Capital Equipment are created. These accounts will fund durable equipment with an original unit cost of \$50,000 or more through the capital budget. A total of \$4.7 million will provide the Fire Department with one aerial ladder truck, three pumper engine trucks, and one paramedic ambulance; DPW-Infrastructure with a directional boring machine for conduit installation; and various equipment for DPW-Operations Division (notably 2 sweepers, 11 garbage packer trucks, and 8 dump trucks).

Equipment Replacement Program: A special capital appropriation, the Equipment Replacement Program, will receive \$3.3 million. This appropriation will replace aged equipment that is beyond economical repair. Retention of such equipment is costly to taxpayers and hampers provision of services. This appropriation is the first part of a strategic plan to upgrade the city's equipment fleet and ensure that no

equipment is kept past its economic replacement point.

Technology Initiative: The 2002 budget provides \$500,000 for a Technology Initiative to provide city

departments with an opportunity to invest in new technology. To qualify for funding, departments must submit a business plan that both meets citywide strategic goals and provides the ability to repay the investment in three years or less.

**Summary of Departmental Appropriations
Overview of 2002 Capital Budget
General City Purposes**

	2001 Adopted Budget	2002 Adopted Budget	Change 2002 Adopted Versus 2001 Adopted
Special Projects	\$17,355,062	\$14,880,000	\$-2,475,062
Administration	737,150	324,945	-412,205
City Attorney	0	352,000	352,000
City Development	24,200,000	17,850,000	-6,350,000
Common Council	69,000	0	-69,000
Fire Department	3,789,900	2,730,000	-1,059,900
Health Department	629,200	130,900	-498,300
Library	3,460,000	3,415,000	-45,000
Municipal Court	0	1,833,900	1,833,900
Neighborhood Services	2,057,000	2,949,990	892,990
Police Department	9,693,544	9,862,914	169,370
Port of Milwaukee	725,000	785,000	60,000
Public Works	42,532,533	47,727,664	5,195,131
TOTAL CAPITAL BUDGET	\$105,248,389	\$102,842,313	\$-2,406,076

2002 CAPITAL IMPROVEMENTS FINANCED BY CATEGORY

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
SPECIAL CAPITAL PROJECTS								
Technology Initiative								
Budget	\$0	\$500,000	\$0	\$0	\$0	\$500,000	\$0	\$500,000
Equipment Replacement Program								
Budget	0	3,300,000	0	0	0	3,300,000	0	3,300,000
Grant and Aid								
Budget	0	1,600,000	0	0	8,700,000	10,300,000	0	10,300,000
Carryover	(0)	(4,635,932)	(0)	(0)	(0)	(4,635,932)	(0)	(4,635,932)
Municipal Art Fund								
Budget	30,000	0	0	0	0	30,000	0	30,000
Pabst Theatre Modifications								
Budget	0	600,000	0	0	0	600,000	0	600,000
Employee Fringe Benefits								
Carryover	(0)	(1,032,970)	(0)	(0)	(0)	(1,032,970)	(0)	(1,032,970)
Consolidated Municipal Garage								
Budget	150,000	0	0	0	0	150,000	0	150,000
TOTAL SPECIAL PROJECTS								
Budget	\$180,000	\$6,000,000	\$0	\$0	\$8,700,000	\$14,880,000	\$0	\$14,880,000
Carryover	(\$0)	(\$5,668,902)	(\$0)	(\$0)	(\$0)	(\$5,668,902)	(\$0)	(\$5,668,902)
DEPARTMENT OF ADMINISTRATION								
Record Retention Movable Shelving								
Budget	\$0	\$200,000	\$0	\$0	\$0	\$200,000	\$0	\$200,000
Optical Imaging System Software Upgrade								
Budget	0	124,945	0	0	0	124,945	0	124,945
TOTAL DEPARTMENT OF ADMINISTRATION								
Budget	\$0	\$324,945	\$0	\$0	\$0	\$324,945	\$0	\$324,945
Carryover	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
CITY ATTORNEY'S OFFICE								
Five Additional Attorney Offices								
Budget	\$0	\$352,000	\$0	\$0	\$0	\$352,000	\$0	\$352,000
TOTAL CITY ATTORNEY'S OFFICE								
Budget	\$0	\$352,000	\$0	\$0	\$0	\$352,000	\$0	\$352,000
Carryover	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
DEPARTMENT OF CITY DEVELOPMENT								
Advance Planning								
Budget	\$150,000	\$0	\$0	\$0	\$0	\$150,000	\$0	\$150,000
Neighborhood Commercial District Street Improvement Fund								
Budget	0	500,000	0	0	0	500,000	0	500,000
Carryover	(0)	(385,000)	(0)	(0)	(0)	(385,000)	(0)	(385,000)
Tax Increment Financed Urban Renewal Projects-Including Grant Funded Projects								
Budget	0	0	14,500,000	0	0	14,500,000	0	14,500,000
Carryover	(0)	(0)	(14,734,180)	(0)	(0)	(14,734,180)	(0)	(14,734,180)
Development Fund								
Budget	0	2,200,000	0	0	0	2,200,000	0	2,200,000
Carryover	(0)	(3,592,000)	(0)	(0)	(0)	(3,592,000)	(0)	(3,592,000)
Business Improvement Districts								
Budget	0	500,000	0	0	0	500,000	0	500,000
TOTAL DEPARTMENT OF CITY DEVELOPMENT								
Budget	\$150,000	\$3,200,000	\$14,500,000	\$0	\$0	\$17,850,000	\$0	\$17,850,000
Carryover	(\$0)	(\$3,977,000)	(\$14,734,180)	(\$0)	(\$0)	(\$18,711,180)	(\$0)	(\$18,711,180)
FIRE DEPARTMENT								
Ventilation and Toilet Separation								
Budget	\$0	\$100,000	\$0	\$0	\$0	\$100,000	\$0	\$100,000
Computer Aided Dispatch								
Carryover	(0)	(2,459,900)	(0)	(0)	(0)	(2,459,900)	(0)	(2,459,900)
Engine House #31 Alterations								
Carryover	(0)	(980,000)	(0)	(0)	(0)	(980,000)	(0)	(980,000)
Shop Preparatory Account								
Carryover	(0)	(150,000)	(0)	(0)	(0)	(150,000)	(0)	(150,000)
Window Replacement								
Budget	0	100,000	0	0	0	100,000	0	100,000

C. CAPITAL IMPROVEMENTS FUNDS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
Engine Company #3 - Alterations								
Budget	0	980,000	0	0	0	980,000	0	980,000
Major Capital Equipment								
Budget	1,550,000	0	0	0	0	1,550,000	0	1,550,000
TOTAL FIRE DEPARTMENT								
Budget	\$1,550,000	\$1,180,000	\$0	\$0	\$0	\$2,730,000	\$0	\$2,730,000
Carryover	(\$0)	(\$3,589,900)	(\$0)	(\$0)	(\$0)	(\$3,589,900)	(\$0)	(\$3,589,900)
HEALTH DEPARTMENT								
Exterior Building Maintenance Program								
Budget	\$0	\$130,900	\$0	\$0	\$0	\$130,900	\$0	\$130,900
Carryover	(0)	(570,200)	(0)	(0)	(0)	(570,200)	(0)	(570,200)
TOTAL HEALTH DEPARTMENT								
Budget	\$0	\$130,900	\$0	\$0	\$0	\$130,900	\$0	\$130,900
Carryover	(\$0)	(\$570,200)	(\$0)	(\$0)	(\$0)	(\$570,200)	(\$0)	(\$570,200)
LIBRARY								
CENTRAL LIBRARY								
Central Library Improvements Program								
Budget	\$0	\$320,000	\$0	\$0	\$0	\$320,000	\$0	\$320,000
Carryover	(0)	(375,000)	(0)	(0)	(0)	(375,000)	(0)	(375,000)
Central Library Remodeling Program								
Budget	0	175,000	0	0	0	175,000	0	175,000
Carryover	(0)	(500,000)	(0)	(0)	(0)	(500,000)	(0)	(500,000)
NEIGHBORHOOD LIBRARIES								
Neighborhood Library Improvement Fund								
Budget	0	210,000	0	0	0	210,000	0	210,000
Neighborhood Library Interior Renovation								
Carryover	(0)	(100,000)	(0)	(0)	(0)	(100,000)	(0)	(100,000)
New Neighborhood Library								
Budget	0	2,710,000	0	0	0	2,710,000	0	2,710,000
Carryover	(0)	(1,500,000)	(0)	(0)	(0)	(1,500,000)	(0)	(1,500,000)
TOTAL LIBRARY								
Budget	\$0	\$3,415,000	\$0	\$0	\$0	\$3,415,000	\$0	\$3,415,000
Carryover	(\$0)	(\$2,475,000)	(\$0)	(\$0)	(\$0)	(\$2,475,000)	(\$0)	(\$2,475,000)
MUNICIPAL COURT								
Remodel Wisconsin Correctional Services								
Budget	\$83,900	\$0	\$0	\$0	\$0	\$83,900	\$0	\$83,900
Court Case Management System								
Budget	0	1,750,000	0	0	0	1,750,000	0	1,750,000
TOTAL MUNICIPAL COURT								
Budget	\$83,900	\$1,750,000	\$0	\$0	\$0	\$1,833,900	\$0	\$1,833,900
Carryover	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
NEIGHBORHOOD SERVICES								
First Floor Remodeling-Municipal Building								
Carryover	(\$0)	(\$357,000)	(\$0)	(\$0)	(\$0)	(\$357,000)	(\$0)	(\$357,000)
Indian Council for the Elderly Improvements								
Carryover	(0)	(200,000)	(0)	(0)	(0)	(200,000)	(0)	(200,000)
Remodeling Project - Various Buildings								
Budget	0	2,949,990	0	0	0	2,949,990	0	2,949,990
TOTAL NEIGHBORHOOD SERVICES								
Budget	\$0	\$2,949,990	\$0	\$0	\$0	\$2,949,990	\$0	\$2,949,990
Carryover	(\$0)	(\$557,000)	(\$0)	(\$0)	(\$0)	(\$557,000)	(\$0)	(\$557,000)
POLICE DEPARTMENT								
Data Services/Comm Center Construction								
Budget	\$0	\$4,000,000	\$0	\$0	\$0	\$4,000,000	\$0	\$4,000,000
Carryover	(0)	(8,705,752)	(0)	(0)	(0)	(8,705,752)	(0)	(8,705,752)
ADA Compliance Program-Various Facilities								
Budget	18,914	0	0	0	0	18,914	0	18,914
Automated Fingerprint Identification System								
Budget	0	1,500,000	0	0	0	1,500,000	0	1,500,000
Interim Radio Replacements								
Budget	0	244,000	0	0	0	244,000	0	244,000
District Station Renovation								
Budget	0	2,000,000	0	0	0	2,000,000	0	2,000,000

C. CAPITAL IMPROVEMENTS FUNDS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
Evidence Storage								
Carryover	(0)	(23,490)	(0)	(0)	(0)	(23,490)	(0)	(23,490)
Remodel Admin Building Offices								
Budget	0	2,100,000	0	0	0	2,100,000	0	2,100,000
Carryover	(0)	(960,000)	(0)	(0)	(0)	(960,000)	(0)	(960,000)
TOTAL POLICE DEPARTMENT								
Budget	\$18,914	\$9,844,000	\$0	\$0	\$0	\$9,862,914	\$0	\$9,862,914
Carryover	(\$0)	(\$9,689,242)	(\$0)	(\$0)	(\$0)	(\$9,689,242)	(\$0)	(\$9,689,242)
PORT OF MILWAUKEE								
Major Maintenance-Terminals and Piers								
Budget	\$0	\$115,000	\$0	\$0	\$0	\$115,000	\$0	\$115,000
Major Equipment Rehabilitation								
Budget	50,000	0	0	0	0	50,000	0	50,000
South Harbor Tract Improvements								
Carryover	(0)	(1,900,000)	(0)	(0)	(0)	(1,900,000)	(0)	(1,900,000)
Pier, Berth, and Channel Improvements								
Budget	0	470,000	0	0	0	470,000	1,880,000	2,350,000
Carryover	(0)	(550,000)	(0)	(0)	(0)	(550,000)	(0)	(550,000)
Resurface Road								
Budget	50,000	0	0	0	0	50,000	0	50,000
Rail Track and Service Improvements								
Budget	75,000	0	0	0	0	75,000	0	75,000
Rail Track and Service Upgrades								
Budget	25,000	0	0	0	0	25,000	100,000	125,000
TOTAL PORT								
Budget	\$200,000	\$585,000	\$0	\$0	\$0	\$785,000	\$1,980,000	\$2,765,000
Carryover	(\$0)	(\$2,450,000)	(\$0)	(\$0)	(\$0)	(\$2,450,000)	(\$0)	(\$2,450,000)
DPW-ADMINISTRATION								
City Telephone Switch Replacement								
Budget	\$0	\$5,000,000	\$0	\$0	\$0	\$5,000,000	\$0	\$5,000,000
Public Safety Communications								
Budget	621,000	0	0	0	0	621,000	0	621,000
TOTAL DPW-ADMINISTRATION								
Budget	\$621,000	\$5,000,000	\$0	\$0	\$0	\$5,621,000	\$0	\$5,621,000
Carryover	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
DPW-OPERATIONS DIVISION								
BUILDINGS AND FLEET SECTION								
Fringe Benefits								
Budget	\$484,000	\$0	\$0	\$0	\$0	\$484,000	\$0	\$484,000
Space Planning and Alterations								
Budget	150,000	0	0	0	0	150,000	0	150,000
City Hall Complex Remodeling								
Budget	0	695,000	0	0	0	695,000	0	695,000
Carryover	(0)	(540,000)	(0)	(0)	(0)	(540,000)	(0)	(540,000)
Recreational Facilities-Citywide								
Budget	208,000	163,000	0	0	0	371,000	350,000	721,000
Carryover	(0)	(137,000)	(0)	(0)	(0)	(137,000)	(0)	(137,000)
ADA Compliance Program								
Budget	0	408,000	0	0	0	408,000	0	408,000
Facility Systems Program								
Budget	0	2,808,000	0	0	0	2,808,000	0	2,808,000
Carryover	(0)	(556,250)	(0)	(0)	(0)	(556,250)	(0)	(556,250)
Facilities Exterior Upgrades Program								
Budget	0	1,108,000	0	0	0	1,108,000	0	1,108,000
Carryover	(0)	(66,500)	(0)	(0)	(0)	(66,500)	(0)	(66,500)
Environmental Remediation Program								
Budget	0	634,000	0	0	0	634,000	0	634,000
Carryover	(0)	(153,949)	(0)	(0)	(0)	(153,949)	(0)	(153,949)
City Hall Restoration Program								
Budget	0	2,500,000	0	0	0	2,500,000	0	2,500,000
Carryover	(0)	(1,503,000)	(0)	(0)	(0)	(1,503,000)	(0)	(1,503,000)
Major Capital Equipment								
Budget	3,080,000	0	0	0	0	3,080,000	0	3,080,000
TOTAL BUILDINGS AND FLEET SECTION								
Budget	\$3,922,000	\$8,316,000	\$0	\$0	\$0	\$12,238,000	\$350,000	\$12,588,000
Carryover	(\$0)	(\$2,956,699)	(\$0)	(\$0)	(\$0)	(\$2,956,699)	(\$0)	(\$2,956,699)

C. CAPITAL IMPROVEMENTS FUNDS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
FORESTRY SECTION								
Concealed Irrigation and General Landscaping								
Budget	\$0	\$372,062	\$0	\$0	\$0	\$372,062	\$0	\$372,062
Planting Program								
Budget	0	515,000	0	0	0	515,000	0	515,000
TOTAL FORESTRY SECTION								
Budget	\$0	\$887,062	\$0	\$0	\$0	\$887,062	\$0	\$887,062
Carryover	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
SANITATION SECTION								
Sanitation Hdq Modifications-Various Sites								
Budget	\$0	\$275,000	\$0	\$0	\$0	\$275,000	\$0	\$275,000
Carryover	(0)	(1,000,000)	(0)	(0)	(0)	(1,000,000)	(0)	(1,000,000)
TOTAL SANITATION SECTION								
Budget	\$0	\$275,000	\$0	\$0	\$0	\$275,000	\$0	\$275,000
Carryover	(\$0)	(\$1,000,000)	(\$0)	(\$0)	(\$0)	(\$1,000,000)	(\$0)	(\$1,000,000)
TOTAL-DPW OPERATIONS DIVISION								
Budget	\$3,922,000	\$9,478,062	\$0	\$0	\$0	\$13,400,062	\$350,000	\$13,750,062
Carryover	(\$0)	(\$3,956,699)	(\$0)	(\$0)	(\$0)	(\$3,956,699)	(\$0)	(\$3,956,699)
DPW-INFRASTRUCTURE SERVICES								
SEWER CONSTRUCTION								
Expansion of Capacity Sewer Program								
Budget	\$409,000	\$2,750,000	\$0	\$0	\$0	\$3,159,000	\$0	\$3,159,000
Carryover	(0)	(7,760,000)	(0)	(0)	(0)	(7,760,000)	(0)	(7,760,000)
Sewers-Out of Program Developer Financed								
Budget	0	0	0	0	500,000	500,000	0	500,000
TOTAL SEWER CONSTRUCTION								
Budget	\$409,000	\$2,750,000	\$0	\$0	\$500,000	\$3,659,000	\$0	\$3,659,000
Carryover	(\$0)	(\$7,760,000)	(\$0)	(\$0)	(\$0)	(\$7,760,000)	(\$0)	(\$7,760,000)
BRIDGE CONSTRUCTION								
Major Bridge Program								
Budget	145,000	1,971,000	0	0	0	2,116,000	5,566,000	7,682,000
Carryover	(0)	(3,608,000)	(0)	(0)	(0)	(3,608,000)	(0)	(3,608,000)
TOTAL BRIDGE CONSTRUCTION								
Budget	\$145,000	\$1,971,000	\$0	\$0	\$0	\$2,116,000	\$5,566,000	\$7,682,000
Carryover	(\$0)	(\$3,608,000)	(\$0)	(\$0)	(\$0)	(\$3,608,000)	(\$0)	(\$3,608,000)
PAVING PROGRAM								
Street Reconstruction-City Contribution to State and Federally-Aided Projects								
Budget	\$0	\$5,320,509	\$0	\$826,093	\$0	\$6,146,602	\$17,573,373	\$23,719,975
Carryover	(0)	(7,850,900)	(0)	(3,043,571)	(0)	(10,894,471)	(0)	(10,894,471)
Street Reconstruction or Resurfacing-Regular City Program								
Budget	592,000	2,100,000	0	1,125,000	0	3,817,000	150,000	3,967,000
Carryover	(0)	(0)	(0)	(5,150,000)	(0)	(5,150,000)	(0)	(5,150,000)
Alley Reconstruction Program								
Budget	179,000	1,000,000	0	300,000	0	1,479,000	0	1,479,000
Carryover	(0)	(224,000)	(0)	(3,366,000)	(0)	(3,590,000)	(0)	(3,590,000)
New Street Construction Program								
Budget	51,000	600,000	0	200,000		851,000	0	851,000
Carryover	(0)	(709,000)	(0)	(100,000)	(0)	(809,000)	(0)	(809,000)
New Streets-Developer Financed								
Budget	0	0	0	0	400,000	400,000	0	400,000
TOTAL STREET CONSTRUCTION PROGRAM								
Budget	\$822,000	\$9,020,509	\$0	\$2,451,093	\$400,000	\$12,693,602	\$17,723,373	\$30,416,975
Carryover	(\$0)	(\$8,783,900)	(\$0)	(\$11,659,571)	(\$0)	(\$20,443,471)	(\$0)	(\$20,443,471)
Street Improvements-Sidewalk, Driveway and Gutter-Replacement								
Budget	135,000	450,000	0	1,265,000	0	1,850,000	0	1,850,000
Carryover	(0)	(0)	(0)	(3,410,500)	(0)	(3,410,500)	(0)	(3,410,500)
Street Improvements-Street Lighting								
Budget	984,000	4,500,000	0	1,220,000	0	6,704,000	0	6,704,000
Carryover	(0)	(5,141,300)	(0)	(1,500,000)	(0)	(6,641,300)	(0)	(6,641,300)
Emergency Response Mgmt-Opticom Program								
Budget	0	147,000	0	0	0	147,000	0	147,000

C. CAPITAL IMPROVEMENTS FUNDS

	TAX LEVY	GENERAL OBLIGATION	TID	SPECIAL ASSESSMENTS	CASH REVENUES	CITY BUDGET TOTAL	GRANT AND AID FINANCING	PROJECT/ PROGRAM TOTAL
Major Capital Equipment								
Budget	100,000	0	0	0	0	100,000	0	100,000
Street Improvements-Traffic Control Facilities								
Budget	635,005	41,995	0	0	0	677,000	0	677,000
Traser Yard-Parking and Storage Facility								
Carryover	(0)	(313,500)	(0)	(0)	(0)	(313,500)	(0)	(313,500)
North Avenue Paving Project								
Carryover	(0)	(0)	(0)	(29,750)	(0)	(29,750)	(0)	(29,750)
Underground Electrical Manhole Reconstruction								
Budget	21,000	200,000	0	0	0	221,000	0	221,000
Carryover	(0)	(200,000)	(0)	(0)	(0)	(200,000)	(0)	(200,000)
Street Improvements-Underground Conduit and Manholes								
Budget	39,000	500,000	0	0	0	539,000	0	539,000
TOTAL DPW-INFRASTRUCTURE SERVICES								
Budget	\$3,290,005	\$19,580,504	\$0	\$4,936,093	\$900,000	\$28,706,602	\$23,289,373	\$51,995,975
Carryover	(\$0)	(\$25,806,700)	(\$0)	(\$16,599,821)	(\$0)	(\$42,406,521)	(\$0)	(\$42,406,521)
TOTAL DEPT OF PUBLIC WORKS								
Budget	\$7,833,005	\$34,058,566	\$0	\$4,936,093	\$900,000	\$47,727,664	\$23,639,373	\$71,367,037
Carryover	(\$0)	(\$29,763,399)	(\$0)	(\$16,599,821)	(\$0)	(\$46,363,220)	(\$0)	(\$46,363,220)
TOTAL PROJECTS								
Budget	\$10,015,819	\$63,790,401	\$14,500,000	\$4,936,093	\$9,600,000	\$102,842,313	\$25,619,373	\$128,461,686
Carryover	(\$0)	(\$58,740,643)	(\$14,734,180)	(\$16,599,821)	(\$0)	(\$90,074,644)	(\$0)	(\$90,074,644)

(Note: \$7,000,000 is shifted from tax levy to borrowing to reflect PDAF adjustment.)

D. CITY DEBT

EXECUTIVE SUMMARY

PURPOSE:	To finance needed capital improvements at the lowest possible cost and to manage and control the amount of debt outstanding.
STRATEGIC ISSUES:	Maintain the city's bond rating by ensuring the city's outstanding debt level is manageable and affordable. Continue to monitor the city's debt levels, as well as the overlapping debt burden imposed on city residents by other local governments.
INITIATIVES FOR 2002:	Continue to develop and implement policies that utilize alternatively structured debt (i.e., revenue bonds) to reduce the city's reliance on general obligation debt. Monitor Milwaukee Public Schools' capital improvement needs and the impact on city debt levels and the tax levy. Continue to develop policies relating to the city's debt capacity and capital financing needs.

BACKGROUND

The city has been assigned a bond rating of AA+ for general obligation debt from Fitch, IBCA and Aa2 from Moody's Investors Services. Standard & Poor's has rated the city's general obligation bonds as AA Stable, which is lower than the AA+ rating previously assigned to general obligation debt. Despite the lower rating by Standard & Poor's, their AA rating means "the city's capacity to meet its financial commitment on the obligations is very strong" (Standard & Poor's *Public Finance Criteria 1999*).

According to the rating agencies, these quality debt ratings result from a combination of strong financial management, stable revenues, and predictable budgets. The agencies note that while city debt levels are considered above average, the debt is being amortized in an exceptionally rapid fashion and the city's "Infrastructure Cash Conversion Policy" also assists in keeping overall debt burden affordable. Overall, these rating strengths offset the city's perceived weaknesses of moderate economic growth and lagging income levels when compared to state and national averages.

Table 1

City Debt Indicators Relationship to Standard & Poor's Debt Benchmarks		
Debt Indicators		S & P Rating
Economic		
Income as % of 1999 National Avg.	78.0%	Low
Market Value per Capita	\$29,012	Low
Taxpayer Concentration	5.40%	Diverse
Financial		
Total General Fund Balances	7.54%	Adequate
Unreserved Fund Balance (3 year average)	5.20%	Adequate
Property Tax Burden	5.91%	Moderately High
Debt		
Direct Debt per Capita	\$1,602	Moderate
Debt Maturing within 10 Years	83%	Standard is 50%

Several debt indicators are provided in Table 1. These indicators are consistent with the weaknesses and strengths mentioned above.

OVERVIEW

The debt needs of the city in 2002 total \$113,987,651, an increase of \$500,230, or 0.44%, from the 2001 debt budget of \$113,487,421. The tax levy-supported portion of the 2002 debt budget is \$58,915,763, a decrease of \$574,493 or 0.97%, from the 2001 levy contribution of \$59,490,256.

City debt is categorized as self-supporting debt and tax levy-supported debt. Self-supporting debt includes debt related to parking, tax incremental districts, delinquent taxes, special assessments, land bank, and Water Works. Each debt category is financed with earnings from the operation of the particular program for which debt was incurred.

The city funds debt service on tax levy-supported debt through revenues collected using property taxes. Included in the tax levy-supported debt category is borrowing for school purposes, general city capital improvement borrowing, and all other purposes not included in the self-supporting debt category.

Table 2 shows expenditures for city debt, including both self-supporting and tax levy-supported debt. Table 3 shows funding sources for city debt, including self-supporting debt and the tax levy. Highlights of the major changes in city debt expenditures and funding sources are contained in the following summary.

CITY DEBT EXPENDITURE

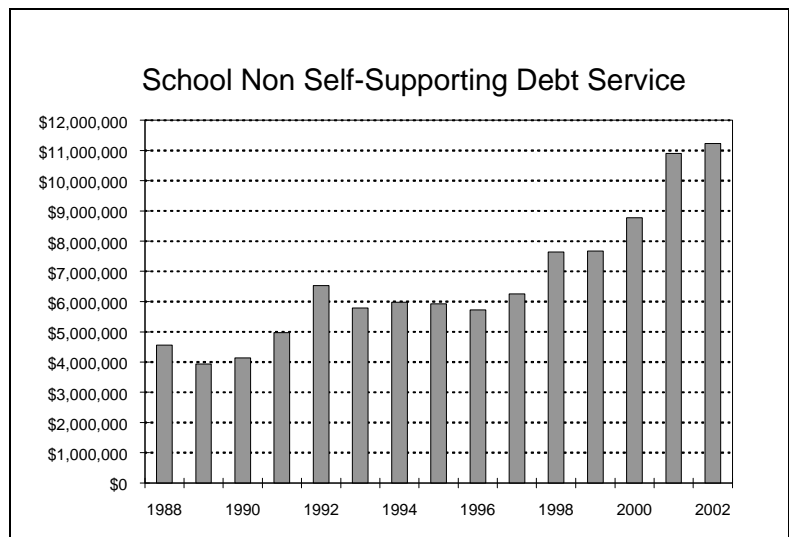
General City (Excluding Schools and Revenue Anticipation Notes): Debt service costs associated with city borrowing, namely for capital improvement projects, are estimated to total \$54.3 million an increase of approximately \$6.8 million from 2001. The increase is largely caused by a growth in borrowing. This includes debt service costs associated with a bond sale that occurred in August, 2001 as well as anticipated sales in June, 2002.

Milwaukee Public Schools: The city is required under state law to issue debt for Milwaukee Public Schools and make principal and interest payments on this debt. Debt service costs associated with school borrowing are \$11.2 million in 2002, an increase of \$326,068 million from 2001 (see Figure 1).

Since 1989, the city has provided MPS with a total of \$141.5 million in borrowing authority to help fund school improvements. These funds represent a significant commitment on the part of the city to help MPS maintain and upgrade its facilities in order to enhance the educational opportunities of Milwaukee students.

Besides providing assistance to MPS with regards to their capital improvement needs, the city also issues short-term Revenue Anticipation Notes (RANs) on behalf of the schools to assist them in their cash flow needs. The city sold \$112 million worth of MPS-related Revenue Anticipation Notes in August, 2001.

Figure 1



Tax Incremental Districts (TIDs): Wisconsin state law allows municipalities to designate tax incremental districts for the purpose of generating revenue to pay for public improvements associated with new developments. Funding for these districts is provided from borrowing and other outside sources. When a district is created, a tax base value for the property is established. Redevelopments are anticipated to create increases in the property value above the base value, which is referred to as value increment. The taxes collected on the value increment portion of the property are recognized as revenue, which is used to retire the debt for district improvements.

Table 2

CITY DEBT EXPENDITURES			
PURPOSE	2001 ADOPTED	2002 ADOPTED	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
SELF-SUPPORTING DEBT			
Parking	\$4,394,709	\$4,219,908	\$-174,801
Tax Increment Districts	9,979,843	10,266,331	286,488
Delinquent Tax Financing	13,294,867	13,601,128	306,261
Special Assessments	3,907,426	3,864,344	-43,082
Land Bank	107,503	103,391	-4,112
Water Works	7,659,204	7,274,290	-384,914
Sewer Maintenance Fund	1,873,918	0	-1,873,918
Brewer MEDC Loan	2,047,076	1,989,918	-57,158
MPS Energy Retrofit	857,671	869,899	12,228
MPS - Loans from the State	2,910,305	2,993,655	83,350
Pension System	694,574	668,000	-26,574
SUBTOTAL	\$47,727,096	\$45,850,864	\$-1,876,232
TAX LEVY DEBT			
Schools	\$10,901,443	\$11,227,511	\$326,068
General City	47,496,714	54,338,458	6,841,744
RANs-City and MPS	10,893,583	7,475,000	-3,418,583
SUBTOTAL	\$69,291,740	\$73,040,969	\$3,749,229
TOTAL DEBT NEEDS	\$117,018,836	\$118,891,833	\$1,872,997
Deduction for S.A. Gain	0	0	0
Deduction for Segregated S.A.	-3,531,415	-4,904,182	-1,372,767
TOTAL	\$113,487,421	\$113,987,651	\$500,230

Table 3

CITY DEBT SOURCE OF FUNDS			
PURPOSE	2001 ADOPTED	2002 ADOPTED	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
SELF-SUPPORTING DEBT			
Parking	\$4,394,710	\$4,185,548	\$-209,162
Tax Increment Districts	10,321,613	12,885,445	2,563,832
Delinquent Tax Financing	12,998,908	13,371,861	372,953
Special Assessments	0	0	0
Land Bank	0	0	0
Water Works	7,659,204	7,274,290	-384,914
Sewer Maintenance Fund	1,873,918	0	-1,873,918
Brewer MEDC Loan	1,063,339	1,063,339	0
MPS Energy Retrofit	866,317	869,899	3,582
MPS - Loans from the State	2,910,305	2,993,655	83,350
Pension System	694,574	668,000	-26,574
SUBTOTAL	\$42,782,888	\$43,312,037	\$529,149
GENERAL OBLIGATION DEBT FINANCING			
Other Revenues	\$11,214,277	\$11,759,851	\$545,574
Tax Levy	59,490,256	58,915,763	-574,493
SUBTOTAL	\$70,704,533	\$70,675,614	\$-28,919
TOTAL DEBT NEEDS	\$113,487,421	\$113,987,651	\$500,230

In the 2002 debt budget, debt service costs associated with tax incremental districts are estimated to total \$10.27 million and revenues are projected to total \$12.9 million.

Delinquent Taxes: The city debt finances delinquent taxes. The repayment schedule on delinquent tax bonds is structured to conform to the receipt of delinquent tax payments.

The 2002 debt budget includes \$13.6 million to finance debt service costs associated with delinquent tax borrowing. These costs are approximately \$306,000 higher than in 2001. The increase reflects higher annual tax delinquencies, and consequently, greater borrowing. Sources of funding for delinquent taxes are expected to equal \$13.4 million in 2002. This is an increase of approximately \$373,000 from 2001.

Parking Debt: The Parking Fund was established to account for revenues from parking meters, parking permits, rentals and leasing of parking facilities, and other revenues attributable to parking. Revenues are used to fund administrative and operational costs related to parking operations, as well as to fund debt service costs related to borrowing for parking capital projects. A transfer from the Parking Reserve Fund equivalent to the amount of annual outstanding debt service is made each year to offset parking-related debt service costs. In the 2002 debt budget, the Parking Fund provides \$4.2 million to finance debt service costs associated with parking capital projects. These costs are approximately \$175,000 lower than in 2001.

Special Assessments: When certain infrastructure improvements are made, such as repaving a street or alley, part of the cost is charged to the abutting property owners as special assessments. The property owner may either pay the entire amount when the bill is received, have the assessment placed on the next tax bill, or pay the amount over six years with interest charged for the final five years. When taxpayers choose the six-year option, the city may borrow money to finance the project. If this is done, the interest cost to the city is offset by the interest charged to the property owners.

The 2002 debt budget includes nearly \$3.9 million to finance debt service costs associated with special assessment borrowing. This is a decrease of approximately \$43,000 from 2001.

Water Works: The 2002 debt budget includes \$7.3 million in debt service costs associated with the Water Works Enterprise Fund. Debt service costs associated with these borrowings will be reimbursed from Water Works' earnings. The 1995 budget included \$89 million in borrowing authority for these capital projects. By December of 1998 all bonds for the \$89 million project were sold.

Sewer Maintenance Fund: Sewer Maintenance Fund capital projects were financed with proceeds from revenue bonds issued in December, 2001. Approximately \$16.1 million in borrowing authority is included in the 2002 budget for Sewer Maintenance Fund capital projects. Of the \$15.7 million, a portion will create a required debt service reserve and pay for debt issuance costs. Debt service costs associated with the revenue borrowing will be reimbursed from Sewer Maintenance Fund earnings.

CITY DEBT SOURCES OF FUNDS

The primary source of revenue for the debt service budget is the property tax levy. The property tax levy for debt service in 2002 totals nearly \$58.9 million, a decrease of approximately \$575,000 from 2001. Other important sources of revenue for the debt service fund include self-supported debt revenues such as those, which come from TIDs, the Parking Fund, and Water Works, as well as other general debt budget revenues such as debt service sinking funds.

General Debt Budget Revenues: One especially important general debt budget revenue is the fund entitled "excess budgeted interest", which contains funds which were budgeted in previous years to make interest payments on outstanding city debt but were not expended. Sometimes, expectations of future interest expenses are greater than what actually is needed, and as a result, the city carries funds over in this account from one year to be made available in the next.

In past years, the excess budget interest fund has been subject to variability. This has been due to difficulty in predicting exactly how much interest is going to be expended in a single budget year.

Although somewhat mitigated, fluctuations in the “excess budget interest” account have continued since 1999. “Excess budgeted interest” is estimated to be \$3.3 million at the end of 2001, an increase of \$2.8 million from the 2000 year end estimate of \$527,000. The December 31, 2000 actual “excess budgeted interest” balance was \$2,582,961, a \$2.1 million dollar difference from the estimate. These funds will be applied to reduce debt service costs in 2001.

Self-Supporting Debt Revenues: One important factor influencing the debt budget tax levy is a mismatch between when debt service costs are incurred, and when revenues are received for self-supporting debt projects. On an annual basis, revenue will not equal the debt payment for self-supporting debt. Over the life of the debt, however, revenue will equal total debt payments. The following types of self-supporting debt will affect the city’s 2002 budget:

- **Tax Incremental Districts** (\$12.9 million): In 2002, sources for TIDs are \$2.6 million greater than TID uses. The difference results from a timing problem wherein several TIDs have generated tax increments that exceed their intended uses, to date. However, over the life cycle of these TIDs, sources and uses of revenue will match. Beginning in 1998, the city started structuring TID debt in a different way in order to

help minimize this timing problem. The first step was to capitalize the first two years of interest payments.

- **Special Assessments** (\$4.9 million): These revenues represent billings of special assessments that are applied toward the payment of debt issued for this purpose.
- **Delinquent Tax Financing** (\$13.4 million): These revenues represent collections of delinquent taxes and a portion of related interest and penalties assessed.

Miller Park Project: The 2002 city debt budget includes approximately \$1.1 million in revenue-offset debt service which will be incurred by the city as a result of the Miller Park Stadium project. This amount reflects an agreement through which the city would transfer the payment stream associated with a Milwaukee Economic Development Corporation (MEDC) loan (for which the city issued general obligation debt) to the Southeastern Wisconsin Professional Baseball Park District. As a result of this transfer, the Milwaukee Brewers will repay the Stadium District for the loan and not the city.

In addition, the stadium agreement also called for the issuance of \$5.9 million of Parking Fund supported general obligation debt. In total, this agreement fulfilled the city’s commitment to the Miller Park project. All debt service expense associated with this agreement will be paid for through excess revenues of the Parking Fund.

PUBLIC DEBT AMORTIZATION FUND (PDAF)

The Public Debt Commission oversees the use of the Public Debt Amortization Fund, which was created in 1925 by state statutes. The fund is composed of interest earned by assets of the fund, one-third of the general interest earnings of the city, and one-third of interest received on delinquent personal property taxes. Fund assets may be used to prepay a portion of the principal and interest on city debt due the following year, thereby reducing the levy portion of the debt budget. In addition, fund assets may be used to purchase city debt and subsequently invest or cancel such debt. Immediate cancellation of this debt avoids debt service costs in the ensuing years. In 2001, the

Table 4

PDAF Unsegregated Balance (In Thousands)			
Year	Fund Balance	Year	Fund Balance
1988	56,809	1995	56,891
1989	56,935	1996	52,622
1990	55,663	1997	53,797
1991	56,551	1998	52,666
1992	56,803	1999	45,054
1993	56,456	2000	43,499
1994	57,088	2001 Est	44,200

PDAF withdrawal taken for 2002 budget purposes totals \$7.0 million, an amount \$4.0 million below the prior year. As a result of this withdrawal, the end of the year 2001 PDAF unsegregated fund balance is estimated to total \$44.2 million, a \$700,000 increase from the prior year.

Table 4 shows how the unsegregated portion of the PDAF balance has fluctuated over time. This is largely due PDAF's investments in interest rate sensitive long term US Treasury securities. In 1997 and

1998, the PDAF had earnings of approximately \$10.3 million each year. In 1999, rising interest rates caused significant market value declines. Revenues declined to \$3.9 million. In 2000, revenues rebounded to \$9.4 million. Revenues for 2001 are estimated to be \$7.7 million.

Annual withdrawals were \$11 million from 1997 through 1999, \$11.5 million in 2000, and \$11 million in 2001. The withdrawal for 2002 purposes will be \$7.0 million.

OUTSTANDING DEBT AND DEBT SERVICE

The City of Milwaukee issues general obligation bonds for city and school capital improvement projects as well as for self-supporting projects, including tax incremental districts, special assessments, delinquent taxes, parking, Water Works, and the Land Bank Fund. As of December 31, 2000, the outstanding debt service requirements for the city totaled \$795.4 million, an increase of \$61.7 million from 1999 levels (an increase of 8.4%).

Of the \$795.4 million, \$421.7 million in outstanding debt service requirements is associated with general city capital expenditures. The remaining outstanding city obligation is split between MPS-related debt service (\$121.6 million) and self-supporting debt service (\$252.1 million).

Legal Debt Limits: State statutes limit direct general obligation borrowing to 7% of the equalized value of taxable property in the city. Of this 7% limitation, 5% is the limit on city borrowing for municipal purposes and 2% is the city's limit on school purpose capital borrowing. The remaining unutilized legal debt limit as of December 31, 2000, is \$639.3 million. Of the remaining unutilized debt, \$292.4 million is for city purposes and \$346.9 million is for school purposes.

Debt Structure: The general policy of the Public Debt Commission relating to general obligation bonds is to issue 15 year, level-principal-payment bond issues. This policy produces higher payments in the early years of a bond issue, but produces lower total financing costs. As a result of this rapid debt

Table 5

Outstanding Debt Service Requirements by Purpose City of Milwaukee General Obligation Bonds and Notes As of December 31, 2000 (In Thousands)				
Purpose	Principal	Interest	Total	% of Total
Self-Supporting Debt				
Tax Incremental Districts	\$66,078	\$24,365	\$90,443	11.37%
Parking	26,981	7,353	34,334	4.32%
Water	52,611	15,652	68,263	8.58%
Delinquent Taxes	21,225	1,207	22,432	2.82%
Special Assessments	26,300	9,720	36,020	4.53%
Land Bank	488	105	593	0.07%
SUBTOTAL	\$193,683	\$58,402	\$252,085	31.69%
Tax Levy Debt				
Economic Development	\$29,732	\$9,572	\$39,304	4.94%
Public Facilities	103,805	33,774	137,579	17.30%
Streets, Sewers, Bridges	167,850	55,180	223,030	28.04%
Other	18,356	3,471	21,827	2.74%
School Debt	91,814	29,788	121,602	15.29%
SUBTOTAL	\$411,557	\$131,785	\$543,342	68.31%
Less Prepayment	\$0	\$0	\$0	0.00%
TOTAL REQUIREMENTS	\$605,240	\$190,187	\$795,427	100.00%
Source: 2000 Comprehensive Annual Financial Report Exhibit J-3				

amortization schedule, 55% of principal is retired in five years and 83% is retired in ten years.

City Capital Debt: As previously indicated, \$421.7 million of total outstanding debt service requirements is related to city capital purposes. Table 5 shows that \$223.0 million is for the street, sewer, and bridge systems - the largest component of debt. In addition, \$137.6 million is for public facilities and \$39.3 million is for economic development-related activities.

Self-Supporting Debt: A significant portion of city debt is self-supporting even though it is issued as general obligation debt. The concept of self-supporting debt is that the use of borrowing proceeds

will generate a stream of revenue that will offset related principal and interest payments. There are six major categories of self-supporting debt: tax incremental districts, special assessments, delinquent taxes, parking, water, and land bank.

Outstanding debt service requirements for these purposes as of December 31, 2000, was \$252.1 million, or approximately 31.7%, of total debt service requirements. The largest component of self-supporting debt is tax incremental districts, which total \$90.44 million. The remaining components are parking - \$34.33 million; water - \$68.26 million; special assessments - \$36.02 million; delinquent taxes - \$22.43 million; and land bank - \$593,000.

OVERLAPPING DEBT

City taxpayers not only pay for City of Milwaukee debt, but also the debt of other overlapping taxing jurisdictions. Overlapping debt is the combined debt obligation of all local units of government including the City of Milwaukee, Milwaukee County, Milwaukee Metropolitan Sewerage District (MMSD), and Milwaukee Area Technical College (MATC).

Table 6 shows the total direct and overlapping debt for all jurisdictions as of December 31, 2000. The city share of this debt totals \$1 billion, of which the city's direct debt totaled \$574.8 million, or 56.09% of total overlapping debt.

Table 6

Summary of Net Direct and Overlapping Debt As of December 31, 2000 (In Thousands)				
Governmental Unit	Net Debt Outstanding	Percent Applicable to City	City Share of Debt	Percent of Total
Direct Debt				
City of Milwaukee	\$574,804	100.00%	\$574,804	56.09%
Overlapping Debt				
MATC	79,600	36.94%	29,404	2.87%
Milwaukee County	495,766	45.73%	226,714	22.12%
MMSD	417,507	46.44%	193,890	18.92%
TOTAL DEBT	\$1,567,677		\$1,024,812	100.00%

Source: 2000 Comprehensive Annual Financial Report, Table 9

OTHER DEBT (REVENUE BONDING)

Housing Authority and Redevelopment Authority Debt: The Housing Authority and the Redevelopment Authority of the City of Milwaukee are public corporations established under state law with authority to issue debt. The Housing Authority issues debt for the construction and renovation of housing for the elderly- and low-income persons, including veterans. Redevelopment Authority

obligations are issued for blight elimination, economic development, and urban renewal projects. Debt issued by either entity is not considered a direct obligation of the city and, consequently, is not backed by its general credit or taxing powers. For additional discussion on Housing Authority and Redevelopment Authority, see the "Department of City Development" summary in the *2002 Plan and Budget Summary*.

E. DELINQUENT TAX (APPROPRIATION ACCOUNT)

EXECUTIVE SUMMARY

PURPOSE:	To provide tax levy appropriation authority to fund the loss or shortfall resulting from the sale of tax deed parcels and to provide a reserve for delinquent taxes based on prior uncollectables.
STRATEGIC ISSUES:	Provide a funding mechanism to finance uncollectable taxes without affecting the city's tax levy.
INITIATIVES FOR 2002:	Continue efforts to return tax delinquent properties to the tax rolls and increase future city revenue. Continue to pursue <i>in personam</i> actions against delinquent taxpayers.

BACKGROUND

Over 50 years ago, the city created the Tax Deficit Fund, the predecessor to the Delinquent Tax Fund. Initially, this fund grew as a result of profits on the sale of tax deed properties. This pattern held true until the mid-1970's. However, since the mid-70's, tax deed properties have generally been sold at a loss.

By 1981, the reserve balance for the Tax Deficit Fund became negative. In 1990, the Comptroller identified a liquidity problem relating to the city's holdings of uncollectable delinquent real estate and personal property taxes. This contributed to creation of the Delinquent Tax Fund. The delinquent tax appropriation account provides tax-levy resources to the Delinquent Tax Fund.

In the past, when a tax deed parcel was sold or transferred for city use, the net profit or loss on each

transaction was charged to the Delinquent Tax Fund Appropriation Account. Therefore, the Delinquent Tax Fund used tax levy dollars to fund losses suffered on uncollectable taxes and on the sale of tax deed properties. All costs related to maintenance, destruction, hazardous waste removal, etc., performed by the city prior to the city's acquisition of the property are delinquent tax costs.

The Comptroller has implemented accounting changes that became effective on July, 2001. The delinquent tax fund appropriation account in the general fund will be used exclusively to absorb losses on sales of delinquent tax properties acquired prior to July 1, 2001. Subsequent to July 1, losses on delinquent tax properties will be absorbed in the Delinquent Tax Fund.

ACTIVITIES

Administration: The Comptroller's Office administers the appropriation to the Delinquent Tax Fund. Changes effective July 1, 2001 were made to the way the Comptroller's Office administers foreclosed tax deed properties. For example, to absorb losses on the sale of delinquent properties (acquired before July, 2001), the Delinquent Tax Fund appropriation account (in the general fund) will be used exclusively for this purpose. Delinquent taxes foreclosed as of

July 1, 2001 will be accounted for in the Special Revenue Delinquent Tax Fund. Delinquent properties on the books as of June 30, 2001 will remain in the general fund.

The 2002 Delinquent Tax Appropriation account totals \$1.0 million. The city will continue to take proactive approach to redevelopment by expediting the foreclosure of these properties so they may be sold

and revitalized for future use. Funding will be used to offset any losses incurred through the sale of these properties.

Delinquent Property Maintenance: Maintenance of delinquent tax properties is the responsibility of the Department of City Development. These duties include acting as a landlord if there is a tenant present, paying utility bills, and yard maintenance. Costs associated with maintenance have the potential to be recovered at the time the property is sold.

PROGRAM CHANGES

State Statue 75.106: According to the new State Statue 75.106, the city can assign the right to property tax foreclosure judgement (i.e. the right to become owner) regarding tax delinquent environmental brownfield properties to developers or other inter-

ested parties. This new law allows the city to use its foreclosure powers to help third parties to remediate and redevelop brownfields.

In Personam: Using *in personam* actions, the city has recovered approximately \$1 million in delinquent taxes. To move from the test-phase of *in personam* to regular use of the *in personam* remedy, the council authorized amendment of the Kohn Law Firm collection contract. This contract enables Kohn to use *in personam* remedy to collect delinquent real estate taxes, in addition to *in personam* work to collect delinquent personal property taxes. Kohn Law Firm will bring *in personam* actions to collect delinquent personal property taxes and *in personam* delinquent real estate taxes. To the extent this program is successful future tax deed foreclosures will be reduced in the Special Revenue Delinquent Tax Fund.

SUMMARY OF EXPENDITURES

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Delinquent Tax Fund	\$1,400,000	\$1,600,000	\$1,000,000	\$-600,000
TOTAL	\$1,400,000	\$1,600,000	\$1,000,000	\$-600,000

SOURCE OF FUNDS

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Property Tax Levy	\$1,400,000	\$1,600,000	\$1,000,000	\$-600,000
TOTAL	\$1,400,000	\$1,600,000	\$1,000,000	\$-600,000

F. COMMON COUNCIL CONTINGENT FUND

EXECUTIVE SUMMARY

PURPOSE:	To provide budgetary authority and funding to pay for emergency and other purposes that may arise during the year for which no express provisions have been made elsewhere in the city's budget.
STRATEGIC ISSUES:	Maintain the integrity of the fund as an "emergencies only" source of funds.
INITIATIVES FOR 2002:	Continue to adhere to adopted guidelines and information standards in considering requests for Contingent Fund withdrawals. Provide a reserve for city obligations to the Milwaukee County Federated Library System.

BACKGROUND

The Common Council Contingent Fund provides budgetary authority and funding to pay for emergency situations that require expenditures above and beyond budget authorizations. The fund also covers those situations for which no express provisions have been made in the annual budget.

Requests for Contingent Funds must meet one of the following criteria:

- Emergency circumstances;
- Obligatory circumstances; and
- Fiscal advantage and/or compliance with fiscal management principles.

Monies in this account may be expended only if approved by three-quarters of the Common Council. Recent expenditures from the fund have been made for snow and ice control, global pension settlement expenses, the city's collection contract, and legal fees for outside counsel and expert witnesses. Funds that are not expended from the Contingent Fund revert to the Tax Stabilization Fund.

On December 18, 1992, the Common Council passed a resolution (Common Council File 921360) which established guidelines and information standards relative to Finance and Personnel Committee review of Contingent Fund requests. These guidelines focus on:

- Timelines and process requirements; and
- Information that must be provided to the Finance and Personnel Committee when the department requests a Contingent Fund appropriation, which includes the following:
 - 1) A statement of the action requested, including the specific departmental account to which the Contingent Fund appropriation is requested to be made;
 - 2) Purpose of the action which includes the program service or activity to be supported by the funding as well as the objectives to be accomplished; and
 - 3) A description of the emergency that prompts the request.

These information standards were established to ensure that the Finance and Personnel Committee is fully aware of all issues affecting Contingent Fund requests.

Limiting Contingent Fund requests to these criteria forces departments to manage within their allocated budgets and discourages use of the fund for initiating new projects or programs.

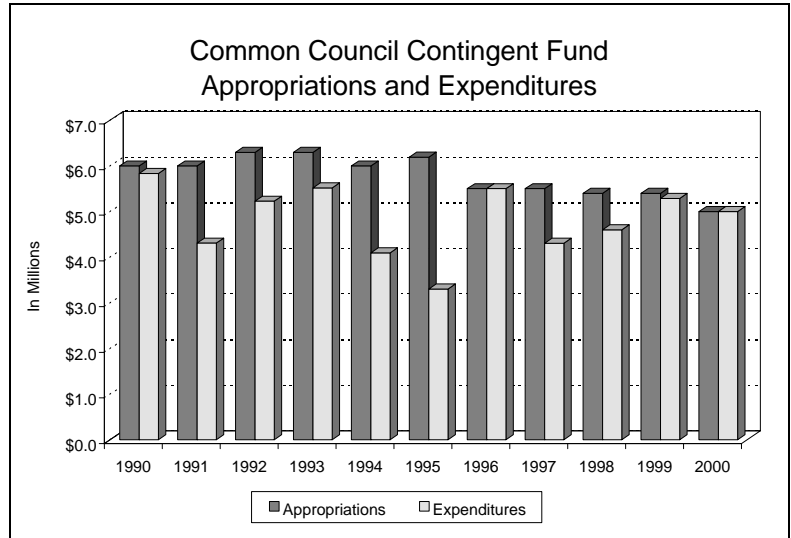
ACTIVITIES

The 2002 budget includes \$5.42 million for the Common Council Contingent Fund, an increase of \$420,458 or 8.4% from 2001.

At the time the 2002 budget was adopted, the status of the city's reciprocal borrowing payment for the Milwaukee County Federated Library System (MCFLS) was uncertain. To ensure that this payment is fully budgeted in the 2002 budget, \$420,458 is added to the Common Council Contingent Fund. This addition is offset by a \$420,458 reduction in the "Reciprocal Borrowing – MCFLS" special fund in the Milwaukee Public Library's 2002 budget. If these funds are needed for reciprocal borrowing purposes, they will be available. If these funds are not needed for reciprocal borrowing purposes, the Contingent Fund will have additional appropriation authority to respond to emergencies and unanticipated events.

As shown in Figure 1, Contingent Fund appropriations ranged between \$5.0 million and \$6.3 million from 1990-2000. During that period, total expenditures ranged from 53% of the appropriation in 1995 to 100% in 2000. Although the Contingent Fund budget has been reduced since 1993 because expenditures were well below appropriations, in recent years ex-

Figure 1



penditures have increased. Average expenditures from the Contingent Fund between 1996 and 2000 were \$4.9 million, compared to average expenses of \$4.5 between 1994 and 1999.

In 2000, the entire fund was expended, partly as a result of a severe snow storm in December, the largest snowfall in a single month in Milwaukee since 1918. The snow storm was so severe that, for the first time since the 1970's, Wisconsin governments received federal disaster aid for snow removal.

SUMMARY OF EXPENDITURES

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Common Council Contingent Fund	\$5,000,000	\$5,000,000	\$5,420,458	\$420,458
TOTAL	\$5,000,000	\$5,000,000	\$5,420,458	\$420,458

SOURCE OF FUNDS

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Property Tax Levy	\$5,000,000	\$5,000,000	\$5,420,458	\$420,458
TOTAL	\$5,000,000	\$5,000,000	\$5,420,458	\$420,458

SPECIAL REVENUE FUNDS

This section of the budget includes funds supported by revenues other than the city property tax levy. Any property tax levies related to these special revenue funds are provided in other sections of the city's budget.

The 2002 budget eliminates one special revenue fund. The Solid Waste Fund was created to partially support solid waste collection expenses. In 2002, this fund is eliminated. Its funding is included in the general fund in the Department of Public Works new Operations Division.

EXPENSE CATEGORY	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
G. Parking Fund	\$20,768,900	\$46,887,202	\$40,206,098	\$-6,681,104
H. Grant and Aid Project Fund	61,401,883	79,774,019	81,534,000	1,759,981
J. Water Works	75,366,931	84,835,439	89,189,607	4,354,168
K. Sewer Maintenance Fund	19,232,743	33,385,434	43,213,146	9,827,712
L. Solid Waste Fund	0	35,541,537	0	-35,541,537
M. Delinquent County Taxes Fund	<u>0</u>	<u>5,650,000</u>	<u>5,650,000</u>	<u>0</u>
TOTAL	\$176,770,457	\$286,073,631	\$259,792,851	\$-26,280,780

G. PARKING FUND

EXECUTIVE SUMMARY

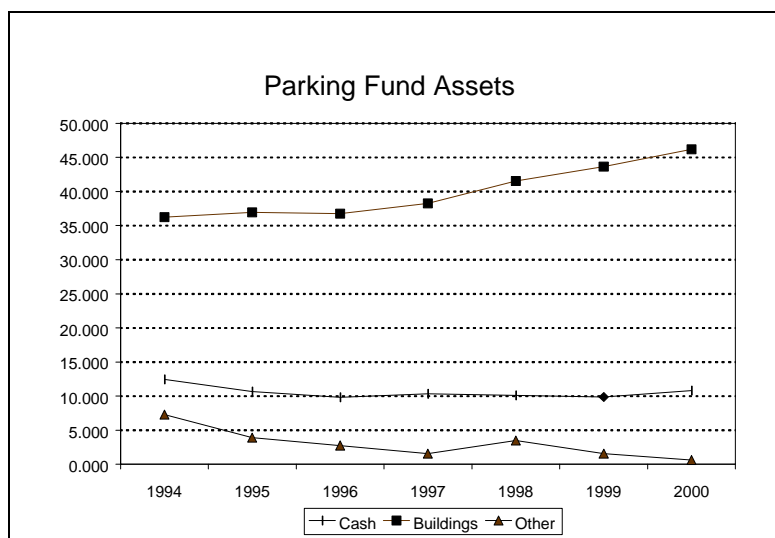
MISSION:	To provide clean, safe on- and off-street parking in a manner which maintains the financial solvency of the Parking Fund and independence from city tax levy funding.
STRATEGIC ISSUES:	Integrate parking policies and economic development goals. Maintain the fiscal health of the fund.
INITIATIVES FOR 2002:	Continue to provide comprehensive and consistent parking enforcement citywide. Improve customer service and respond to parking complaints in a timely manner. Explore options for disposal of unclaimed vehicles. Monitor parking revenues to ensure sufficient funds are available to cover parking-related expenses and to make a payment to the general fund.

BACKGROUND

The Parking Fund is an enterprise fund administered by the Department of Public Works (DPW). It receives revenues from parking activities which finance the city's on- and off-street parking expenses. The Parking Fund was established in 1949 to finance the operation and maintenance of parking meters. Since that time its responsibilities have expanded to include managing city-owned parking structures and lots, storing and disposing of towed vehicles, and administering the overnight parking permit program.

The fund allows the city to finance parking activities through parking revenues rather than burdening taxpayers through the property tax. As of December 31, 2000, the Parking Fund had \$57.6 million of assets and \$28.2 million in outstanding debt service, making it a relatively healthy enterprise fund. As shown in Figure 1, the fund's assets are comprised primarily of buildings, whose value continues to increase. The fund's

Figure 1



cash assets have remained very stable over the past few years because the fund relies increasingly less on its cash reserves. In 2002 no withdrawal will be made from reserves.

DPW OBJECTIVE 19

Maintain the financial solvency of the Parking Fund by generating net revenues from parking ac-

tivities and making additions to the fund's cash reserves in 2002.

OUTCOME HISTORY (see page 179)

Since the purpose of the fund is to provide a self-supporting source of revenue for city parking operations, a meaningful measure of the fund's performance is whether it fully funds its expenses and makes additions to its cash reserves. In order to fully fund expenses, including operating and non-operating expenses, the Parking Fund must generate sufficient revenue from its operating activities.

In recent years the fund has withdrawn reserves to fund its expenses, due to the large debt service related to construction and renovation of parking structures. Operating revenues increased by 21% in 2000, however operating expenses increased by 88.7%, causing net operating revenue to fall by 63%. This increase in expenses is related primarily to increased tow lot and parking enforcement expenses. As a result of the increase in expenses, a \$840,000 withdrawal was made from reserves.

While net operating revenue measures the financial performance of the fund, it does not measure how well parking activities support the fund's other purpose: strengthening the local economy. The city's parking assets serve business needs throughout the city by making the marketplace accessible to customers and clients. Changes in parking restrictions and accommodations designed to better serve these needs contribute to the local economy by encouraging more visits to downtown for shopping, as well as recreation, tourism, and other activities. An indirect measure of this outcome is the change in meter revenue. As more people visit downtown, utilization of meters should increase, thereby increasing meter revenue. Meter revenue is projected to be \$3.7 million in 2002.

Monitoring Performance: It is critical for the fund to monitor its performance. The Parking Fund uses the following performance measures for its programs:

- **Towing:** The Parking Fund has established as its goal for 2002, to recover 100% of the cost associated with vehicle towing and to have 68% of the 27,000 towed vehicles returned to their owners.
- **Surface Lots:** The fund expects to recover 100% of the costs associated with operating the surface lots.
- **Parking Meters:** The Parking Fund's 2002 goal for parking meters is to keep 99% of its 6,400 meters operational at all times and to service

broken or malfunctioning meters within 24-hours of receiving a service call.

- **Parking Structures:** The 2002 goal for the Parking Fund is to recover 103% of the cost associated with operating the structures.
- **Parking Enforcement:** The 2002 goal is to achieve a checker productivity average of 76 tickets issued per shift and to respond to 95% of abandoned vehicle complaints within eight hours.
- **Parking Enforcement Communications:** The 2002 goal is to dispatch 99% of all tows and to answer 90% of all queued telephone calls within five minutes.

PROGRAMS AND ACTIVITIES

- Operation and maintenance of approximately 6,400 parking meters located throughout the city
- Operation of four and capital management of five city-owned parking structures
- Management of approximately 70 metered, leased, and permits parking lots
- Towing illegally parked and abandoned vehicles and operating the city's tow lot
- Enforcement of the city's parking ordinances.
- Administration of the city's citation processing and collection contract

PROGRAM CHANGES

Implementation of Night Parking Database: The 2002 budget includes funds to pay for the maintenance of the night parking permit database. Currently, night parking permits are sold and filed at the Police District Stations. Since there is no automated database, it is very difficult for both the Police Department and Parking Enforcement to determine whether a vehicle has been issued a valid permit. In addition, if a citation for night parking has been issued erroneously, it is cumbersome for both the resident and the departments to make a determination regarding the validity of the citation.

The city's citation processing contractor is working to develop a night parking database. The information from the night parking permit application will be entered into a database, which will be downloaded onto the autocites within 48-hours. If a Parking Checker begins to issue a citation for night parking and a valid permit has been issued to the vehicle, the autocite will inform the Parking Checker that the

vehicle has a valid night parking permit. The purpose of the automated database is to prevent the issuance of erroneous night parking citations and to prevent residents from moving permits between vehicles. It is planned that the night parking permit database will be accessible at all Police District Stations, the Violations Bureau, and Parking Enforcement.

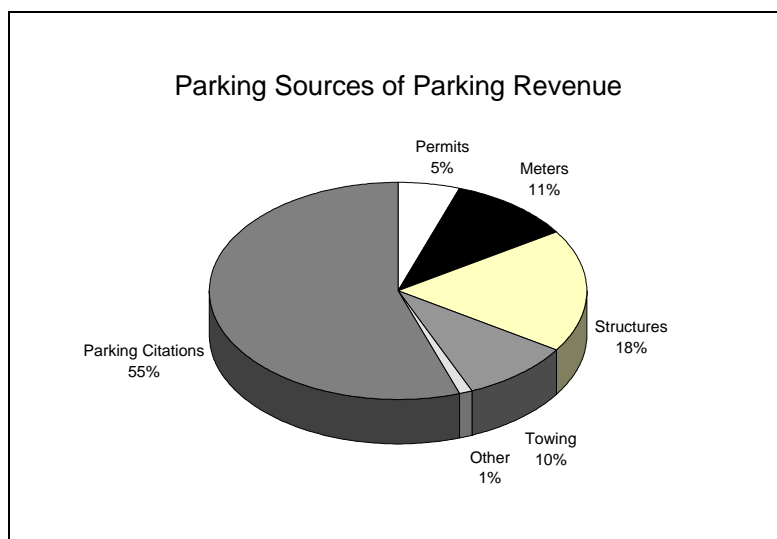
Redesign of Night Parking Permits: The 2002 budget includes funding to redesign and print night parking permits. It has become apparent to parking enforcement that the current night parking permit is difficult to see, especially on tinted windows. Consequently, staff is exploring redesigning the permit to be more visible at night and to be shaped differently for each quarter. The purpose of this change is to reduce the number of night parking citations issued erroneously.

Staffing at the City Tow Lot: In March 1998, the Common Council approved an ordinance authorizing the Parking Fund to expand the city tow lot in order to enable DPW to assume responsibility for all storage and disposal activities for vehicles towed under city towing contracts. Expansion of the tow lot was completed in August, 1998.

In 2001, the city has dramatically increased the towing of abandoned and illegally parked vehicles as a result of the addition of 20 Parking Checkers. The 2001 budget projected that 24,000 vehicles would be towed. Instead, it is likely that nearly 29,000 vehicles will be towed. As a result of the increase in towing activities, tow lot operations have been significantly affected. Consequently, the 2002 budget includes the addition of the following positions: one Office Supervisor, one Office Assistant III, and one Tow Lot Attendant. The addition of these positions will enhance the processing of all towed vehicles and reduce the use of temporary employees and overtime.

Disposition of Unclaimed Vehicles: In the first six months of 2001, there has been a 56% increase in the number of vehicles recycled. This is due to the increasing number of abandoned vehicles towed from city streets. Because of the depressed value of scrap metal, many residents have chosen to abandon their vehicles on city streets and have the city incur the cost of the tow. In addition, the city also pays for

Figure 2



storage and processing costs. In turn the city receives revenue for the scrap value of the vehicle. However, this revenue is insufficient to cover expenses. Consequently, in 2002 the city will continue to explore ways to dispose of unclaimed vehicles in a more cost efficient way.

Parking Revenues: The 2002 budget includes \$18.9 million in parking citation revenue. This estimate is based on citation issuance and revenue collection activities for the first eight months of 2001. In conjunction with the city's Budget Office, the department will continue to monitor the impact of increased parking enforcement and citation costs on parking behavior or citation payment patterns.

In addition to citation revenue, the 2002 budget includes increased revenue projections for night parking permits (\$400,000) and parking meters (\$195,600). Both reflect an increase in parking enforcement. The cost of a quarter and annual night parking permit is \$12 and \$44, respectively. Night parking permits fees were increased in July of 2001.

The 2002 revenue estimate for meter hooding totals \$125,000, an increase of \$64,000 over 2001 estimates. The Common Council increased hooding fees from \$3 per meter to \$5 per meter in 2001. The budget estimate reflects this increase. The purpose of the fee increase is to recover a portion of the revenue lost from removing the meter from service. Most the requests for meter hooding are for special events.

Revenues from parking structures and lots are projected to increase in 2002 by \$167,500. In the fall of 2000, the Common Council increased parking structure rates. DPW will continue to monitor rates of privately owned structures to ensure that the city remains competitively priced.

Transfer to the General Fund: The 2002 budget includes a transfer to the general fund totaling \$8.25 million. Although this payment is considerably less than the 2001 transfer, it does not include a withdrawal from reserves. The 2002 budget includes a deposit to reserves of over \$600,000. The purpose of this deposit is to ensure that the Parking Fund has sufficient reserves to prevent a subsidy from the general fund. The deposit to reserves represents less than 2% of total operating Parking budget.

Customer Service Training: The 2002 budget includes \$50,000 for training services for all Parking Enforcement, Parking Information Desk and Tow Lot staff. The purpose of this training is to focus on customer service, conflict management, and interpersonal communication skills.

Management of the Parking Information Desk: The 2002 budget includes the elimination of one Parking Enforcement Supervisor position and the addition of one Parking Enforcement Assistant Manager position. This position will be responsible for the management of the Parking Information Desk and the supervision of 21 Communication Assistants. Currently, the Parking Fund pays for half the salary of the Operations and Dispatch Manager in the Buildings and Fleet Division to manage the Parking Information Desk. However, because this position plays an integral part in snow and ice operations for the BFD and the Information Desk operates 24 hours each day, assigning a full-time manager for this operation has become necessary.

Position Changes: The 2002 Parking Fund budget creates three new positions, including one Tow Lot Attendant and two Office Assistant III positions. In addition, a Parking Enforcement Supervisor (pay grade 5) is reclassified to Parking Enforcement Assistant Manager (pay grade 6) and an Office Assistant IV position is reclassified to Office Supervisor I. These positions help improve management of the tow lot.

CAPITAL IMPROVEMENTS

The 2002 budget includes capital funding of \$2,422,000. These funds are used to renovate the city's structures. The projects include a traffic membrane at MacArthur Square and joint caulking at the 4th and Highland structure. Funding of \$1.6 million will be used to renovate a facility that will allow

Parking Enforcement and the Tow Desk to operate in one area. Currently some jeeps and checkers are housed at Canal Street and others are at the tow lot. This also will allow Fleet Services to expand into space currently occupied by Parking's Jeeps and Tow Desk.

REVENUES

The Parking Fund generates \$34.4 million in revenue. Approximately 55%, or \$18.9 million will be generated from parking citations. The balance of Parking's

revenue will be generated from meters, parking permits, parking structures and towing related activities.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	88.62	123.25	126.25	3.00
FTEs - Other	0.00	0.00	0.00	0.00
Total Positions Authorized	99	125	128	3
DLH - Operations and Maintenance	159,516	221,850	227,250	5,400
DLH - Other Funds	0	0	0	0
EXPENDITURES				
Salaries and Wages	\$3,208,855	\$3,886,035	\$4,399,923	\$513,888
Fringe Benefits	891,332	1,243,531	1,451,975	208,444
Operating Expenditures	6,707,867	12,051,028	12,705,181	654,153
Equipment	13,169	530,785	136,855	-393,930
Special Funds	6,172,022	7,384,738	6,536,332	-848,406
Retained Earnings	0	0	903,832	903,832
Transfer to General Fund	<u>0</u>	<u>15,041,085</u>	<u>8,250,000</u>	<u>-6,791,085</u>
TOTAL	\$16,993,245	\$40,137,202	\$34,384,098	\$-5,753,104
Capital Projects	\$3,775,655	\$6,750,000	\$5,822,000	\$-928,000
TOTAL	\$20,768,900	\$46,887,202	\$40,206,098	\$-6,681,104

STATEMENT OF REVENUES AND EXPENSES

OPERATING EXPENDITURES				
Structures	\$345,246	\$2,023,579	\$2,908,149	\$884,570
Meters	1,263,755	693,555	859,869	166,314
Permits	5,234,257	48,000	148,000	100,000
Towing	2,527,396	3,316,921	3,626,416	309,495
Lots	247,113	286,822	407,102	120,280
Parking Enforcement	4,212,820	11,089,034	10,493,006	-596,028
Debt Service	41,490	6,156,603	5,265,000	-891,603
PILOT	559,648	1,228,165	1,271,332	43,167
Administration	2,561,520	253,438	251,392	-2,046
Addition to Reserves	0	0	903,832	903,832
Trans Excess Rev to Gen Fund	<u>0</u>	<u>15,041,085</u>	<u>8,250,000</u>	<u>-6,791,085</u>
TOTAL	\$16,993,245	\$40,137,202	\$34,384,098	\$-5,753,104
OPERATING REVENUES				
Structures	\$5,705,183	\$5,988,823	\$6,203,179	\$214,356
Meters	3,492,430	3,465,000	3,660,656	195,656
Permits	1,302,964	1,362,300	1,778,000	415,700
Towing	1,734,504	1,671,172	1,875,000	203,828
Lots	255,720	188,000	141,200	-46,800
Parking Enforcement	2,281,681	0	0	0
Citation Processing Service	0	358,200	370,800	12,600
Parking Citation Revenue	0	21,741,090	18,918,263	-2,822,827
Miscellaneous	-62,472	0	0	0
Vehicle Disposal	1,442,853	1,325,256	1,437,000	111,744
Withdrawal from Reserves	<u>840,382</u>	<u>4,037,361</u>	<u>0</u>	<u>-4,037,361</u>
TOTAL	\$16,993,245	\$40,137,202	\$34,384,098	\$-5,753,104
CAPITAL EXPENDITURES				
Structures	\$3,775,655	\$6,750,000	\$5,822,000	\$-928,000
Surface Lots	0	0	0	0
Tow Lot	0	0	0	0
Miller Parking Improvements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$3,775,655	\$6,750,000	\$5,822,000	\$-928,000
CAPITAL FINANCING				
Proceeds from Borrowing	\$0	\$1,750,000	\$822,000	\$-928,000
Retained Earnings	<u>0</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>0</u>
TOTAL	\$0	\$6,750,000	\$5,822,000	\$-928,000

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Parking Enforcement Supervisor (Operating Funding \$-38,634)	Position eliminated.
1	1.00	Parking Enforcement Assistant Manager (Operating Funding \$43,890)	Positions created.
1	1.00	Office Supervisor I (Operating Funding \$36,121)	
1	1.00	Office Assistant III (Operating Funding \$29,007)	
1	1.00	Tow Lot Attendant (Operating Funding \$30,084)	
3	3.00	TOTAL	

H. GRANT AND AID FUND

EXECUTIVE SUMMARY

PURPOSE: The Grant and Aid Fund provides expenditure authority for federal, state, and other grants whose proceeds are restricted to operating expenditures for specific purposes. These expenditures are to be made in accordance with the grant and aid process as stated in Common Council Ordinance 940843.

BACKGROUND

This fund serves as a "parent" account wherein grant funds accumulate prior to allocation on a project-by-project basis as the year progresses. The account has two major components:

- Grantor Share (Non-City)
- Local Share Out-of-Pocket (Current Levy)

Expenditures cannot be made directly against the parent account. In order to expend funds, a common council resolution must be adopted to authorize a specific project, create a sub-account, and allocate specific funding from the parent account. The fund provides expenditure authority for both planned and potential projects during the calendar year.

PROGRAM CHANGES

The 2002 Grant and Aid budget reflects an increase in expenditure authority for Grantor Share of \$20,132,117 above 2000 actuals, and \$1,759,981 above the 2001 budget (see Table 1). The total Grant and Aid budget is 32.8% over 2000 actual expenditures and 2.2% above the 2001 budget. The expenditure authority for In-Kind City Share has been eliminated in the 2002 budget because the city's Financial Management Information System (FMIS) no longer records this expenditure.

The 2002 budget anticipates the reprogramming of \$910,420 of 2001 CDBG funds to enhance the following city programs:

- Library Bookmobile \$253,471
- Health Prenatal Services \$217,553
- Fire Dept FOCUS Program \$350,000
- City Clerk Community Service \$89,396

Table 1

Community Block Grant Administration:

The Community Block Grant Administration anticipates receiving approximately \$32.2 million in grant funds in 2002. These funds will be used to continue neighborhood strategic planning efforts so as to ensure that the city's federal block grant allocation is targeted toward city neighborhood priorities and needs. Approximately \$23 million of this anticipated funding will be applied toward the Community Development Block Grant (CDBG) Program. In addition, an anticipated \$8 million will be applied to the HOME Program. Other various programs throughout the administration will also receive anticipated funding.

Comparison of Projected Grant Activity (Grantor Share)			
Department	2001	2002	Difference
DOA-Administration	\$32,750,000	\$32,183,000	\$-567,000
City Development	225,000	2,025,000	1,800,000
City Clerk	0	58,000	58,000
Fire	4,688,972	4,847,728	158,756
Health	19,602,750	19,151,817	-450,933
Library	926,005	1,111,588	185,583
Mayor	0	75,987	75,987
Police	4,719,852	4,790,251	70,399
Public Works	2,856,440	2,814,640	-41,800
Unanticipated	14,005,000	14,475,989	470,989
Totals	\$79,774,019	\$81,534,000	\$1,759,981

Health Department Grants: The Health Department is the largest recipient of grant funding among city departments. The total amount of grant projects anticipated in 2002 is \$19.2 million. The Municipal Health Service Program is the department's largest grant at \$10.2 million. Other large grants include the HUD Primary Prevention Grant (\$3 million), Women's, Infant's, and Children's Program (WIC) (\$1.2 million), Adolescent School Health Grant (\$490,000) and two Lead Detection and Poisoning Prevention Grants (\$860,000).

Police Department Grants: The Police Department anticipates receiving grants totaling \$4.8 million for 2002. This funding will primarily be applied toward the Local Law Enforcement Block Grant V (\$1 million), HIDTA (\$0.9 million), and the Juvenile Accountability Block Grant (\$762,000).

Fire Department Grants: The Fire Department anticipates receiving two grants totaling \$4.85 million for 2002. In 2002, the Fire Department anticipates allocating \$4.83 million in grant funding for the County Paramedic Agreement.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Grantor Share (Non-City)	\$61,401,883	\$79,769,019	\$81,534,000	\$1,764,981
Local Share Out-of-Pocket (Current Levy)	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>-5,000</u>
TOTAL	\$61,401,883	\$79,774,019	\$81,534,000	\$1,759,981

The Community Development Block Grant Program projects and amounts for each project approved (by the Common Council under resolution) for 2001 are as follows:

2002 Community Development Contract Awards
(Total award amounts listed alphabetically by organization)

Organization Name	Source of Funds				Total Awards
	CDBG	HOME	SHELTER	HOPWA	
ACTS Inc	\$50,000				\$50,000
Agape Community Center	25,000				25,000
AIDS Resource Center of Wisconsin				361,080	361,080
ASHA Family Service Inc	58,000				58,000
Boys and Girls Club of Greater Milwaukee	422,132				422,132
Career Youth Development	85,196				85,196
CCTR Group Inc	25,000	400,000			425,000
Center for Teaching Entrepreneurship	28,833				28,833
Children's Outing Association	100,000				100,000
City Clerk's Office	60,000				60,000
Community Advocates	212,001		69,438		281,439
Community Block Grant Administration	956,000	145,000			1,101,000
Community Enterprises of Greater Milwaukee	50,000				50,000
Community Justice Center	50,000				50,000
Comptroller's Office	482,000	55,000			537,000
Council for the Spanish Speaking Inc	126,200				126,200
Counseling Center of Milwaukee	26,000		21,458		47,458
Curative Care Network	128,531				128,531
Daughters of Luke Ltd	235,041				235,041
Daystar Inc	28,000		29,933		57,933
Department of Administration-EOE	42,000				42,000
Department of City Development	1,100,000				1,100,000
Department of Neighborhood Services	2,524,197				2,524,197
Department of Public Works	800,000				800,000
Esperanza Unida Inc	300,200				300,200
Fair Lending Coalition	50,000				50,000
Guest House of Milwaukee Inc	77,000		101,951		178,951
Harambee Ombudsman Project Inc	272,919	378,681			651,600
Health Department	1,246,672				1,246,672
Hispanic Chamber of Commerce of Wisconsin	60,000				60,000
Hmong-American Friendship Association	110,000				110,000
Hope House	141,000		90,798		231,798
Housing Resources Inc	90,000				90,000
Howard Fuller Education Fund	25,000				25,000
Journey House Inc	187,000				187,000
LaCausa Inc	29,000		31,414		60,414
Layton Boulevard West Neighborhood	30,000				30,000
Lincoln Neighborhood Redevelopment Corp	177,611				177,611
Lincoln Park Community Center Inc	139,650				139,650
Lisbon Avenue Neighborhood Development	521,412				521,412
Martin Luther King Economic Development Corp.	241,053				241,053
Mary Mahoney Health Services	161,888				161,888
Merrill Park Neighborhood Association	191,700				191,700
Metcalfe Park Residents Association	112,300				112,300
Metro Milwaukee Fair Housing Council	70,000				70,000
Mid-Town Neighborhood Association	378,244				378,244
Milwaukee Alliance	200,000				200,000
Milwaukee Careers Cooperative	50,000				50,000
Milwaukee Christian Center	105,000				105,000
Milwaukee Christian Center-NIP	946,559	832,162			1,778,721
Milwaukee Community Service Corp	120,000				120,000
Milwaukee LGBT Community Center Inc	18,750				18,750
Milwaukee Urban League	100,000				100,000
Milwaukee Women's Center Inc	116,000		84,599		200,599
Mitchell Street Development Opportunities Corp.	100,000				100,000
Modjeska Youth Theater Company	41,000				41,000
MPS-Andrew Douglas Academy	69,800				69,800
Neighborhood House of Milwaukee	66,715				66,715
Neighborhood Housing Services of Milwaukee	482,300				482,300
Neighborhood Improvement Development Corp	1,135,189	2,833,343			3,968,532

H. GRANT AND AID FUND

Organization Name	Source of Funds				Total Awards
	CDBG	HOME	SHELTER	HOPWA	
Non-Profit Center of Milwaukee Inc	100,000				100,000
Northeast Milwaukee Industrial Development Corp	150,800				150,800
Northwest Side Community Development Corp	352,122				352,122
OIC-GM	203,834	799,418			1,003,252
Open Gate			24,561		24,561
RACM	2,149,500				2,149,500
Richard's Place				38,920	38,920
Rosalie Manor Inc	30,000				30,000
Safe and Sound	200,000				200,000
Salvation Army			101,301		101,301
Select Milwaukee Inc	88,000				88,000
Sherman Park Community Association	228,330				228,330
Social Development Commission	517,172		103,237		620,409
Sojourner Truth House Inc	160,000		55,296		215,296
South Community Organization	241,553	763,097			1,004,650
Southside Organizing Committee	248,400				248,400
Task Force on Family Violence Inc	103,000				103,000
United Community Center	275,000				275,000
United Neighborhood Centers of Milwaukee	200,000				200,000
Walker's Point Development Corp	134,241	559,217			693,458
Walker's Point Youth and Family Center	77,000		24,131		101,131
West End Development Corp	422,990	819,103			1,242,093
Williamsburg Heights	113,800				113,800
Wisconsin Correctional Services	183,300				183,300
Woodland Pattern Inc	18,750				18,750
Word of Hope Ministries Inc	50,000				50,000
Work for Wisconsin Inc	100,000				100,000
YMCA of Metro Milwaukee-Holton Center	260,999	182,001			443,000
YMCA of Metro Milwaukee-North Central Branch	478,803	232,978			711,781
YMCA of Metro Milwaukee-Parklawn	77,314				77,314
YWCA of Greater Milwaukee	56,999		44,883		101,882
Total All Sources of Funds	\$23,000,000	\$8,000,000	\$783,000	\$400,000	\$32,183,000

J. WATER WORKS

EXECUTIVE SUMMARY

MISSION:	Maintain the highest quality of service while providing a safe, reliable, and aesthetically pleasing supply of water.
	Ensure that water service is a key contributor in sustaining the economic prosperity of the City of Milwaukee, while protecting the quality of Milwaukee's environment.
STRATEGIC ISSUES:	Maintain the ability to respond to the presence of chemical and biological threats in Lake Michigan.
	Enhance the utility's finances by adding new customers without incurring major capital expenditures.
	Improve customer service and satisfaction.
INITIATIVES FOR 2002:	Continue to negotiate agreements to provide water service to new customers.
	Continue implementation of organizational changes to achieve operational efficiencies.
	Continue development of water quality controls.

BACKGROUND

The Department of Public Works Water Works is a municipally owned water utility regulated by the State of Wisconsin Public Service Commission (PSC). Water from Lake Michigan is provided to approximately 840,000 customers through the operation of two water treatment and filtration plants, various pumping stations, storage facilities, and 1,946 miles of water mains. In 2000, Water Works treated and pumped 45-billion gallons of water.

The rates at which water is sold are regulated by the PSC. From September 1994 to August 1999, Rate Order 3720-WR-102 authorized a 7.25% rate of return on investment for the Water Works. On August 30, 1999, Rate Order 3720-WR-103 became effective and authorized the Water Works' a 4.5% rate of return. This equated to a 15% rate increase for residential customers. As shown in

Table 1

MILWAUKEE WATER WORKS RATE OF RETURN				
	1998 Actual	1999 Actual	2000 Actual	2001 Estimate
GROSS REVENUE	\$54,206,025	\$55,142,772	\$62,102,777	\$63,000,000
Operating Expenses				
Operating Expenses	\$33,960,589	\$33,428,698	\$33,064,663	\$34,000,000
Depreciation	7,174,642	8,591,807	8,956,247	9,000,000
Taxes	7,975,218	8,122,413	9,276,712	9,500,000
TOTAL OPERATING EXPENSES	\$49,110,449	\$50,142,918	\$51,297,622	\$52,500,000
NET OPERATING INCOME	\$5,095,576	\$4,999,854	\$10,805,155	\$10,500,000
RATE BASE				
Utility Plant in Service	\$417,886,510	\$447,223,008	\$459,374,170	\$467,349,000
Materials and Supplies	2,397,427	2,704,613	2,180,318	2,400,000
Accumulated Depreciation	(103,393,161)	(109,596,680)	(117,975,776)	(125,238,000)
Contributions for Construction	(70,245,011)	(71,961,410)	(71,994,889)	(72,094,000)
RATE BASE - End of Year	\$246,645,765	\$268,369,531	\$271,583,823	\$272,417,000
RATE BASE - Average Net Investment	\$217,138,557	\$257,507,647	\$269,976,677	\$272,000,412
RATE OF RETURN	2.35%	1.94%	4.00%	3.86%
(Net Operating Income/Rate Base)				

Table 1, the 2000 actual rate of return was 4.00%. Water Works estimates a return of 3.86% for 2001.

Decreases in the rate of return are the result of several factors. Revenues are decreasing, primarily because of declining consumption. In addition, ex-

penses are increasing due to higher depreciation, debt service payments and taxes related to extensive capital expenses for water quality improvement projects.

In June 2001, a 3.4% rate increase was implemented. This increase was enacted under the PSC's Simplified Rate Case (SRC) Program. Under this program, rates are allowed to be increased by an amount equivalent to the previous year's rate of inflation. An additional

\$900,000 of revenue is expected for 2001, \$2.1 million is estimated for 2002 and years following. Water Works is also implementing a long-term strategy of reducing operating expenses by enhancing the efficiency of its operations. Methods include upgrading technology; optimizing existing technology; cross-training staff; eliminating vacant positions; reallocating workloads across remaining staff; and conducting more preventative maintenance.

DPW OBJECTIVE 13

Provide safe, sufficient and aesthetically pleasing water, 100% of the time, at standards equal to or more stringent than required by the Safe Drinking Water Act, thereby reducing customer complaints to an average of less than 600 per year in 2002.

OUTCOME HISTORY (see page 177)

The Water Works' activities are intended to ensure that customers are supplied with the highest quality drinking water. In 2002, the Water Works' budget provides \$60.3 million in operating funding and \$15.05 million in capital funding for this objective.

The Water Works received 477 water quality complaints in 2000. This is a 20% decrease from 1999, which follows a 30% decrease from 1998. Although customer complaints are not a direct indicator of water quality, the trend may represent an overall improvement in the aesthetics of the drinking water. Of these complaints, 83 or 17.4% were substantiated as actually reflecting deteriorated water quality at the customer's tap.

Customer complaints are not the only measure of water quality. In 2000, Water Works implemented a new outcome indicator to provide a more thorough and meaningful measure of this objective: percentage compliance with the Environmental Protection Agency's (EPA) Safe Drinking Water Act Standards. Full conformance with this measure indicates that Water Works follows required water treatment processes, monitoring procedures and maximum allowable contaminant levels 365 days of the year or 100% of the time. Compliance is based upon monthly reports filed with the State of Wisconsin Department of Natural Resources. Compliance will protect public health by reducing the risk of contaminants, such as cryptosporidium, in drinking water. In 2000, Water

Works achieved 100% compliance with the Safe Drinking Water Act.

PROGRAMS AND ACTIVITIES

- Supply and pumping - optimize operation to minimize costs while ensuring proper maintenance of purification, pumping, and storage facilities
- Customer accounts:
 - Provide accurate billing and collection services;
 - Quickly repair meter damages; and
 - Handle all customer inquiries in a timely, efficient, and satisfactory manner
- Water treatment - minimize plant operating and maintenance costs while fully complying with federal and state water quality standards
- Distribution - repair main breaks within 24-hours

PROGRAM CHANGES

Providing Service to New Customers: The Water Works has excess capacity. It can produce significantly more water with minimal costs, creating the potential for increasing net revenue by expanding water sales to new customers. Water Works sells water to residents of Milwaukee and 14 suburban communities. Sales to these suburbs represent 17.4% of total revenue.

The Water Works continues to look for opportunities to increase water sales and take advantage of existing treatment and pumping capacity by adding new customers. Currently, Water Works is evaluating the sale of water to Brookfield, Elm Grove, Germantown, and New Berlin.

Water service will be extended to new customers if engineering studies indicate that it is feasible, is consistent with city goals, and does not violate the federal prohibition against inter-basin water diversion. The latter regulation prevents the utility from soliciting customers west of the “divide” in eastern Waukesha County marking the western edge of the Great Lake Basin. By law, distribution of water from the Great Lakes is limited to consumption for those within the Great Lakes basin.

Operational Efficiencies: The 2002 budget includes several changes which are part of a multi-year effort to achieve significant operational efficiencies in the Water Works. This effort will make the utility more competitive by implementing model operating practices from other utilities. These practices will enable Water Works to maintain and improve the high quality of its services while significantly reducing operating costs.

As improvements in technology, organization, and operational procedures are implemented, the need for positions will be reduced. The 2002 budget provides for a net reduction of 13 staff positions. The utility plans to continue consolidation of position titles and cross-training of staff, while maintaining current standards of customer service and water quality.

One of the technology improvements implemented in recent years is the Automatic Meter Reading (AMR) System. As of December 31, 2000 automatic readers were installed in 97% of all residences. The 2002 budget includes \$345,000 for AMR large meter exchanges, which will convert meters used by multi-family residential and commercial customers.

Create Plant Manager Position: The position of Water Plant Manager is created to oversee the

Linwood and Howard Avenue water treatment plants. This new position was offset by the deletion of a vacant managerial position in the Water Works Engineering Organization. This will improve the sharing of resources between the two plants and improve coordination in initiatives affecting both plants

Create Water Security Manager Position: In light of recent international events, there is increased concern for the security of the city’s water supply. A Water Security Manager position is newly created in 2002 to administer a water security program that focuses on maintaining the integrity of the city water distribution system and the safety of the water supply.

Rate Change: On August 3, 2001, application for a full rate review was submitted to the PSC. A rate of return of 6% was requested, which if approved, would generate approximately \$7.4 million of additional revenue and would increase the average household annual water bill by 11.5%, from a current average of \$189.28 to \$211.04.

In order to earn sufficient revenue to maintain its quality of services, Water Works will pursue additional rate changes after 2002 through the filing of SRCs within the program guidelines. The strategy is to seek smaller rate increases to adjust for inflation on an on-going basis. This strategy will facilitate a smooth transition to rate changes to offset inflation.

Investigate New Customer Information System: The current billing and customer information system used by the Water Works is limited in its ability to account for payments to multiple fees. The benefits and cost of upgrades to the existing system will be compared with selecting and implementing a new system. The 2002 budget includes \$2 million toward this effort. It is estimated that this is approximately half the cost of a new customer information system.

CAPITAL IMPROVEMENTS

The six year capital plan was completely re-evaluated in 2001 to reflect changes in priorities as a result of the completion of the major water quality plant improvement projects. The 2002 Water Works capital improvements budget is \$15.05 million, or \$775,000 more than the 2001 capital budget. The capital budget includes \$12.2 million for water main improvements, similar to the \$12.4 million in the 2001

budget. The 2002 mains program consists of \$11.2 million for distribution mains (16-inches in diameter and smaller), and \$1.0 million for feeder mains (20-inches in diameter and larger). The purpose of these improvements is to replace water mains as their life expectancy ends and the cost and inconvenience of repairs outweighs the cost of their replacement. Capital funding is estimated to reduce approximately

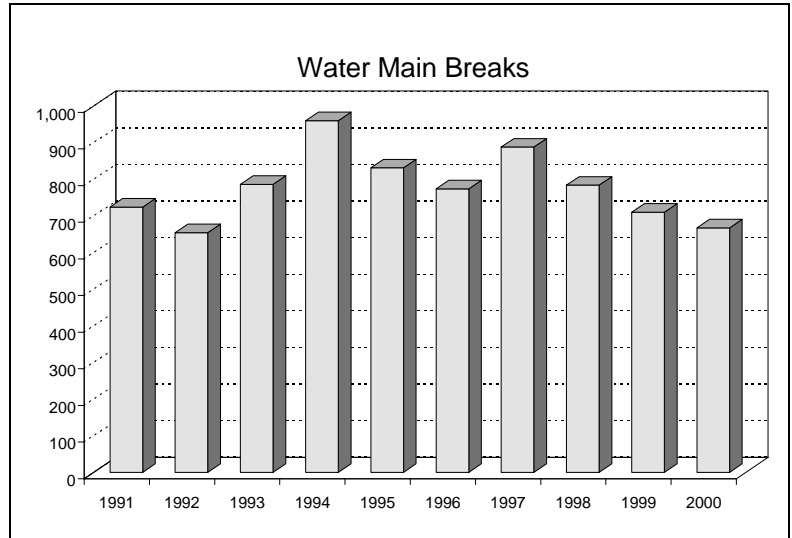
70 main breaks and 20 maintenance repairs of feeder mains per year. The mains improvement program includes \$1.2 million for installation of water mains in new developments; expenditures for these projects are reimbursed by revenues from developers' fees.

The Water Main Replacement Program reduces both the main breaks and customer complaints of deteriorated water quality (usually from unlined iron mains). There is significant fluctuation in the annual number of main breaks, as shown in Figure 1, in part because factors outside the utility's control influence the number of main breaks. In 2000, there were a total of 667 main breaks, a decrease of 43 from 1999. This is the third consecutive year that the number of main breaks has decreased and represents the lowest number of breaks since 1992.

The remaining \$2.85 million in the capital budget is for improvements in the Water Works facilities, including:

- Howard and Linnwood Plants building improvements totaling \$400,000 for security upgrades at both plants to protect key areas of the plant, thereby protecting drinking water, and

Figure 1



\$450,000 for dehumidification equipment to prolong the life and improve functioning of the high technology components now at that location.

- Howard and Linnwood Plant treatment improvements of \$300,000 to upgrade flocculator systems and reduce costly maintenance of this equipment.
- Pump facilities improvements of \$1.7 million to upgrade pump motors to energy-efficient brushless models and to upgrade the critical electrical substation at the Howard Avenue pump station.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	338.14	392.30	385.09	-7.21
FTEs - Other	12.46	12.28	12.28	0.00
Total Positions Authorized	412	400	388	-12
DLH - Operations and Maintenance	608,652	671,610	660,660	-10,950
DLH - Other Funds	22,419	22,100	22,100	0
EXPENDITURES				
Salaries and Wages	\$15,286,556	\$15,221,271	\$15,788,294	\$567,023
Fringe Benefits	4,812,288	5,175,231	5,525,901	350,670
Operating Expenditures	26,348,963	27,642,144	28,886,962	1,244,818
Equipment	1,255,988	1,357,167	1,338,450	-18,717
Special Funds	<u>8,921,436</u>	<u>9,589,626</u>	<u>8,750,000</u>	<u>-839,626</u>
TOTAL	\$56,625,231	\$58,985,439	\$60,289,607	\$1,304,168

CAPITAL BUDGET SUMMARY

CAPITAL BUDGET				
Main Program	\$6,807,945	\$12,415,000	\$12,200,000	\$-215,000
Plants	<u>1,688,755</u>	<u>1,860,000</u>	<u>2,850,000</u>	<u>990,000</u>
TOTAL CAPITAL BUDGET	\$8,496,700	\$14,275,000	\$15,050,000	\$775,000
CAPITAL FINANCING				
Retained Earnings	\$7,893,012	\$11,575,000	\$13,850,000	\$2,275,000
Proceeds from Borrowing	0	0	0	0
Assessments	46,725	0	0	0
Developer Financed	556,963	1,200,000	1,200,000	0
Interest Earnings	<u>0</u>	<u>1,500,000</u>	<u>0</u>	<u>-1,500,000</u>
TOTAL CAPITAL FINANCING	\$8,496,700	\$14,275,000	\$15,050,000	\$775,000

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS**

REVENUES				
Operating	\$66,241,638	\$61,239,963	\$64,720,000	\$3,480,037
Non-Operating	1,213,987	2,517,784	6,201,000	3,683,216
Withdrawal From Retained Earnings	<u>-585,394</u>	<u>6,802,692</u>	<u>3,218,607</u>	<u>-3,584,085</u>
TOTAL REVENUES	\$66,870,231	\$70,560,439	\$74,139,607	\$3,579,168
EXPENDITURE AUTHORIZATIONS				
Operating	\$56,625,231	\$58,985,439	\$60,289,607	\$1,304,168
Capital Funding from Retained Earnings	10,245,000	11,575,000	13,850,000	2,275,000
Deposit to Retained Earnings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL AUTHORIZATIONS				
OPERATING AND DEPOSITS	\$66,870,231	\$70,560,439	\$74,139,607	\$3,579,168

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
Business Decision Unit			
-2	-2.00	Water Revenue Collector (Operating Funding \$-73,544)	Transfer of position authority to auxiliary.
2	2.00	Water Revenue Collector (Aux.) (Operating Funding \$76,304)	
-1	-1.00	Meter Shop Laborer (Operating Funding \$-32,503)	Eliminate vacant position because of AMR implementation.
-1	-1.00	Water Materials Clerk III (Operating Funding \$-33,775)	Reflect 2001 position reclassification.
1	1.00	Inventory Assistant III (Operating Funding \$35,385)	
0	-1.00	Water Billing Services Manager (Operating Funding \$-63,338)	Position not funded in 2002.
1	1.00	Water Security Manager (Operating Funding \$42,611)	Position new in 2002.
0	1.00	Miscellaneous Adjustments Operating Non-Operating	
Plants North Decision Unit			
1	1.00	Water Plant Manager (Operating Funding \$74,996)	Position authority transferred from Engineering and reclassified.
12	12.00	Senior Water Treatment Plant Operator (Operating Funding \$529,518)	Reflect 2001 position reclassification.
7	7.00	Water Treatment Plant Operator (Operating Funding \$252,192)	
-5	-5.00	Water Plant Operator in Charge (Operator Funding \$-218,305)	
-5	-5.00	Water Plant Operator III (Operating Funding \$-187,383)	
-5	-5.00	Water Plant Operator II (Operating Funding \$-179,137)	
-4	-4.00	Water Plant Operator I (Operating Funding \$-133,319)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Maintenance Millwright (Operating Funding \$-40,545)	Reclassification of position.
1	1.00	Machinist I (Operating Funding \$44,491)	
-1	-0.50	Water Plant Laborer (0.5 FTE) (Operating Funding \$-17,290)	Reduction of vacant position.
1	0.25	Senior Water Treatment Plant Operator (0.25 FTE) (Emergency Aux.) (Operating Funding \$10,964)	Reflect 2001 position reclassification.
-1	-0.25	Water Plant Operator In Charge (0.25 FTE) (Emergency Aux.) (Operating Funding \$-10,154)	
1	0.25	Water Treatment Plant Operator (0.25 FTE) (Emergency Aux.) (Operating Funding \$8,924)	
-1	-0.25	Water Plant Operator III (0.25 FTE) (Emergency Aux.) (Operating Funding \$-8,979)	
-1	-0.25	Water Plant Operator II (0.25 FTE) (Emergency Aux.) (Operating Funding \$-8,407)	Reduction of unneeded position authority.
2	2.00	Electrical Mechanic (Operating Funding \$103,298)	Transfer from Plants South Decision Unit.
1	1.00	Electrical Mechanic Apprentice (Aux.) (Operating Funding \$30,985)	
3	3.00	Instrument Technician I (Operating Funding \$128,594)	
-1	-1.00	Office Assistant IV (Operating Funding \$-32,947)	Reflect 2001 position reclassification.
1	1.00	Program Assistant I (Operating Funding \$37,063)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-1.00	Electrical Services Supervisor II (Operating Funding \$-65,666)	Reclassification of position.
1	1.00	Electrical Services Supervisor I (Operating Funding \$79,313)	
0	-0.73	Miscellaneous Adjustments Operating Non-Operating	
-1	-1.00	Engineering Decision Unit Management Civil Engineer (Operating Funding \$-77,325)	Position authority transferred to Plant North.
1	1.00	Civil Engineer IV (Operating Funding \$73,346)	Reclassification of position.
-1	-1.00	Civil Engineer III (Operating Funding \$-59,549)	
0	0.78	Miscellaneous Adjustments Operating Non-Operating	
3	3.00	Distribution Decision Unit Inventory Assistant IV (Operating Funding \$107,079)	Reflect 2001 position reclassification.
-3	-3.00	Water Materials Clerk III (Operating Funding \$-99,424)	
1	1.00	Equipment Mechanic III (Operating Funding \$36,910)	Reclassification of position.
-1	-1.00	Water Mechanic Helper (Operating Funding \$-32,323)	
-1	-1.00	Water Yard Equipment Operator (Operating Funding \$-31,570)	Reduction of vacant positions.
-1	-1.00	Special Pipe Yard Laborer (Operator Funding \$-32,503)	
-1	-0.33	Water Distribution Supervisor I (0.33 FTE) (Aux.) (Operating Funding \$-14,902)	Reduction of unneeded position authority.

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-0.33	Chief Distribution Repair Worker (0.33 FTE) (Aux.) (Operating Funding \$-11,610)	Reduction of unneeded position authority.
-2	-0.66	Water Distribution Laborer (0.33 FTE) (Aux.) (Operating Funding \$-20,118)	
-1	-0.25	Pipe Yard Crew Leader (0.25 FTE) (Aux.) (Operating Funding \$-7,825)	Position reclassification.
1	0.50	Water Distribution Laborer(0.5 FTE) (Aux.) (Operator Funding \$15,961)	
0	-0.96	Miscellaneous Adjustments Operating Non-Operating	
-1	-1.00	Water Quality Decision Unit Water Chemist II (Operating Funding \$-41,467)	Transfer of authority to auxiliary.
1	1.00	Water Chemist II (Aux.) (Operating Funding \$33,152)	
-1	-1.00	Water Laboratory Technician (Operating Funding \$-30,369)	Reduction of unneeded position authority.
-1	-0.50	Water Chemist II (0.5 FTE) (Emergency Aux.) (Operating Funding \$-19,109)	
1	1.00	Plants Operation Manager (Aux.) (Operating Funding \$61,941)	Transferred from Plants South Decision Unit.
0	-0.06	Miscellaneous Adjustments Operating Non-Operating	
1	1.00	Plants South Decision Unit Water Plant Maintenance Assistant Supervisor (Operating Funding \$61,451)	Reclassification of positions.
-1	-1.00	Water Maintenance Supervisor (Operating Funding \$-53,954)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
12	12.00	Senior Water Treatment Plant Operator (Operating Funding \$529,518)	Reflect 2001 position reclassification.
7	7.00	Water Treatment Plant Operator (Operating Funding \$256,850)	
-5	-5.00	Water Plant Operator in Charge (Operating Funding \$-218,305)	
-5	-5.00	Water Plant Operator III (Operating Funding \$-184,929)	
-5	-5.00	Water Plant Operator II (Operating Funding \$-179,137)	
-4	-4.00	Water Plant Operator I (Operating Funding \$-129,699)	
1	1.00	Machinist I (Operating Funding \$42,066)	Reclassification of positions.
-1	-1.00	Maintenance Millwright (Operating Funding \$-40,545)	
-1	-0.50	Water Plant Laborer (0.5 FTE) (Operating Funding \$-15,560)	Reduction of vacant position.
-1	-1.00	Plant Operations Manager (Aux.) (Operating Funding \$61,941)	Transfer to Water Quality Decision Unit.
1	0.25	Senior Water Treatment Plant Operator (0.25 FTE) (Aux. Emerg.) (Operating Funding \$10,954)	Reflect 2001 position reclassification.
1	0.25	Water Treatment Plant Operator (0.25 FTE) (Aux. Emerg.) (Operating Funding \$8,924)	
-1	-0.25	Water Plant Operator in Charge (0.25 FTE) (Aux. Emerg.) (Operating Funding \$-10,154)	
-1	-0.25	Water Plant Operator III (0.25 FTE) (Aux. Emerg.) (Operating Funding \$-8,879)	

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-1	-0.25	Water Plant Operator II (0.25 FTE) (Aux. Emerg.) (Operating Funding \$-8,407)	Reduction of unneeded position authority.
-2	-2.00	Electrical Mechanic (Operating Funding \$103,298)	Transfer to Plants North Decision Unit.
-3	-3.00	Instrument Technician I (Operating Funding \$128,594)	
-1	-1.00	Electrical Mechanic Apprentice (Aux.) (Operating Funding \$30,985)	
0	-0.17	Miscellaneous Adjustments Operating Non-Operating	
-12.00	-7.21	TOTAL	

K. SEWER MAINTENANCE FUND

EXECUTIVE SUMMARY

STRATEGIC ISSUES:	Provide for fair distribution of sewer maintenance costs based on usage.
	Maintain an efficient and effective sewer system.
	Improve water quality to meet federal requirements.
	Customer service and satisfaction.
INITIATIVES FOR 2002:	Continue the Sanitary Manhole Rehabilitation Program, which will reduce infiltration and inflow into the city's sanitary sewer system.
	Continue implementation of a cash-conversion program for the Relay Sewer capital program.
	Continue Sanitary System Evaluation Survey (SSES) in compliance with MMSD regulations.
	Implement revenue borrowing for the Relay Sewer capital program.
	Implement new requirements of the Wisconsin Department of Natural Resources (DNR) Storm Water Permit.
	Implement funding of street sweeping and leaf collection activities.

BACKGROUND

The 1998 budget established a new enterprise fund for sewer maintenance expenses. The Sewer Maintenance Fund (created in accordance with Wisconsin State Statutes, Section 66.0821, which permits municipalities to implement sewer fees to recover the costs of operation, maintenance, repair, and depreciation of sewer collection and transportation facilities) recovers sewer maintenance costs through a user fee rather than through the property tax.

The City of Milwaukee implemented a sewer maintenance fee to achieve three principal goals:

- To fairly distribute sewer maintenance costs according to usage;
- To require property tax-exempt sewer users to pay their portion of the sewer costs; and,
- To allow for direct comparison of costs and tax rates with other municipalities that recover sewer costs through a user fee.

The former method of using property taxes to support sewer maintenance failed to link consumers' use of the system with costs of maintaining the system; the amount users paid bore no relationship to actual use of the sewer system. As a result, subsidies existed between property classes as well as within property classes.

The city's sewer maintenance fee allocates sewer maintenance costs based upon users' actual water consumption, which serves as a proxy for the amount of water returned to the sewer system. However, not all water consumed by users returns to the sewer system. Water used by residents for gardening purposes and a portion of the water used in certain industrial and commercial business processes does not enter the sewer system. The fee allows for several adjustments to compensate for non-sewer related consumption of water.

The DPW Infrastructure Services Division administers the Sewer Maintenance Fund, including oversight of personnel and activities. The city bills and collects for the sewer fee as part of the city's quarterly

city service bill. The Milwaukee Water Works records billing and collection information and revises fee amounts as needed.

2002 Sewer Maintenance Rate

The 2002 rate for the sewer maintenance fee will equal \$0.8329 per 100 cubic feet (ccf) of discharged water, a 54% increase over the 2001 rate. For a typical single-family residential property this change will result in an annual increase of \$21.74 in the sewer maintenance bill.

This rate change is based upon several major factors as shown in Table 1. Water consumption decreased by 5.4% from the prior year. The operating budget includes a \$8.3 million increase (46%). Most of this increase is the result of transferring funding of street sweeping and leaf collection to the Sewer Fund. This represents a \$4.4 million increase, or 52% of the total 2002 increase. Other significant budget increases from 2001 include capital cash financing (\$496,500), equipment (\$774,600) and personnel (\$1.2 million). The fee also

Table 1

Percentage Change in Sewer Maintenance Rate Charge per 100 Cubic Feet				
	Water Quantity/ Budget	Percent Change in Rate	Change in Rate	Impact on Single Family Residence
Water Consumption				
2000 Change	(1,717,441)	5.43%	\$0.0293	\$2.18
Total Water Adjustment	(1,717,441)	5.43%	\$0.0293	\$2.18
Cost Increases				
Street Sweeping and Leaf Collection	\$4,372,001	25.58%	\$0.1381	\$10.24
Equipment	774,600	4.53%	0.0245	1.81
Capital Cash Financing	496,500	2.90%	0.0157	1.17
Personnel	1,229,631	7.19%	0.0389	2.89
Reduced MMSD Grant Funding	113,965	0.67%	0.0036	0.27
Other	1,351,480	7.91%	0.0427	3.18
Total Cost	\$8,338,177	48.78%	\$0.2635	\$19.56
Total Change		54.21%	\$0.2928	\$21.74
	User Fee		Rate	Single Family Impact
Total 2002	\$26,358,611		\$0.8329	\$76.63
Total 2001	\$18,020,434		\$0.5401	\$54.89
Difference	\$8,338,177		\$0.2928	\$21.74

increases due to a reduction of MMSD grant funding for infiltration and inflow efforts.

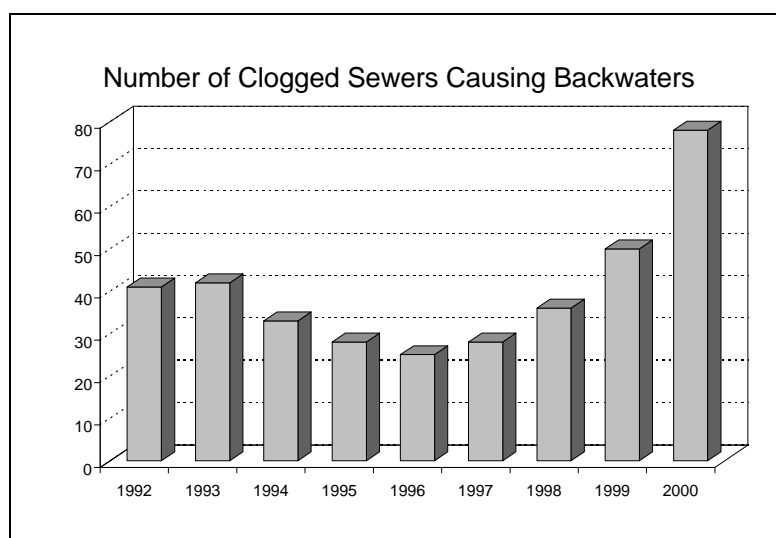
DPW OBJECTIVE 15

Provide and maintain systems for storm and wastewater conveyance by limiting service backups to 45 to 55 incidents and street flooding to 6,000 incidents in 2002.

OUTCOME HISTORY (see page 178)

The City of Milwaukee has 2,458 miles of underground sewers with over 120,000 appurtenances including manholes, catch basins, and storm inlets. In 2002, \$28.1 million in operating funding is allocated to maintain and improve the sewer systems, including \$25.8 million under the direction of the Sewer Maintenance Fund. In addition, \$21.1 million in capital and \$100,000 in grant funding are provided.

Figure 1



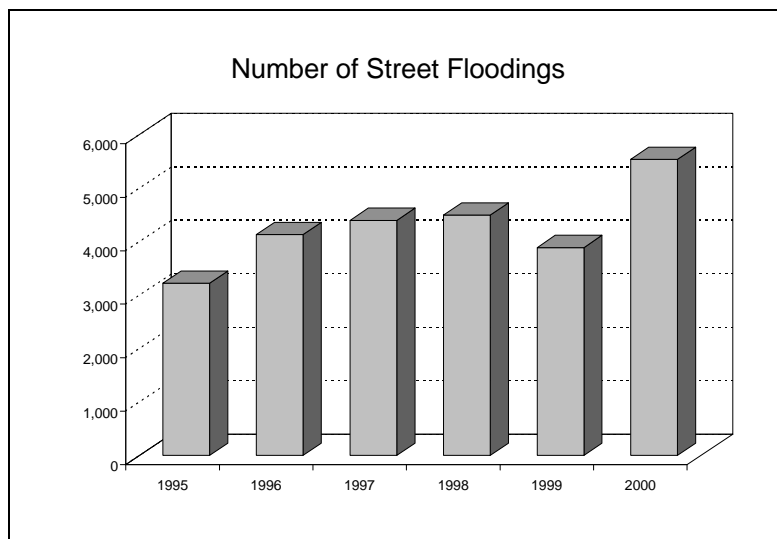
The number of clogged sewers causing backwater and the number of street floodings are important indicators of the condition of the city's sewer systems. These types of complaints indicate potential clogged sewers and catch basins/storm inlets, inflow/infiltration both from the city system and private services, illegal connections, collapsed sewers, and/or poor hydraulics.

Figure 1 shows the number of incidents where backwaters or sewerage flowed into homes between 1992 and 2000 because the main sewer was either clogged or had collapsed. In 2000, the number of incidents increased by 28. Figure 2 shows the number of reported street floodings between 1995 and 2000. A single clogged catch basin could have multiple reports. These reports increased by 1,649. Reports of street flooding have increased for the following reasons: citizens increased awareness to report flooding due to severe rains in the last several years; increased erosion control installations that get clogged from debris; large construction projects, such as the Lincoln Creek improvements; and above average rainfall. Although the number of reported street floodings have increased, the Fund is still working to maintain its goal of keeping this number under 6,000. Reports of backwaters have increased due to several temporary circumstances that have influenced the ability to maintain a regular cleaning cycle. Although the number of backwaters increased, the five-year average number of backwaters of 43 is within the parameters established for this objective.

Weather conditions play a major role in these outcomes, explaining the extreme variability in the number of complaints received from year-to-year. For example, severe storms in both 1997 and 1998 resulted in severe flooding of the area's drainage channels, streams and rivers. The city received disaster relief funding from the Federal Emergency Management Agency in both years.

Although the primary goal of the Sewer Fund is to maintain an efficient sewerage system, another goal is to improve stormwater quality. Unlike sewerage, stormwater runoff generally flows untreated into area rivers and lakes. As the runoff moves toward these bodies of water, it picks up and carries various forms of pollutants, adversely affecting water quality. The city improves the quality of the stormwater by

Figure 2



meeting Federal Clean Water Standards monitored by the Wisconsin Department of Natural Resources (DNR).

In 2000, the city continued to comply with the Wisconsin Pollutant Discharge Elimination System Permit issued by the DNR. The DNR also requires implementation of "Best Management Practices" designed to reduce types and amounts of pollutants that flow into storm sewers. These practices range from regulating lawn fertilizing to street sweeping.

ACTIVITIES

- Design, engineering, and construction of new and existing sewers
- Sewer lining
- Sewer cleaning and maintenance
- Sewer condition assessment and examination
- Meeting requirements of the stormwater and crossover permits

PROGRAM CHANGES

Infiltration and Inflow Activities: The Sewer Maintenance Fund, in accordance with a mandate from the Milwaukee Metropolitan Sewerage District (MMSD), continues its program of more intensive investigation and remediation of infiltration and inflow into the city's sewer system. The 2002 budget includes \$2.33 million in manhole rehabilitation, \$660,000 for smoke testing, and \$292,000 for flow monitoring. The manhole inspections should be

complete by 2002. The purpose of these activities is to reduce the amount of infiltration and inflow into the city's sewer system, thereby minimizing the number of backups and other problems in the sewer system.

New Storm Water Permit: In August 2000, the State of Wisconsin Department of Natural Resources (DNR) issued a new Wisconsin Pollutant Discharge Elimination System (WPDES) Municipal Storm Water Permit to the City of Milwaukee. This permit is effective for a five-year period ending in 2005. This permit is required by DNR to regulate storm water discharges in the city and requires the city to implement a storm water management program. The purpose of this program is to limit to the maximum extent practicable the discharge of pollutants from the storm sewer system.

Major components of the permit include a storm water management program to address pollutant sources, monitoring of storm water discharges, ordinance enforcement, and an annual report to summarize and assess compliance with permit requirements. The new permit mandates several new requirements, including:

- The city must review storm water management plans for developments of one acre or more, rather than only for developments of five acres or more;
- The city must include a review of storm water quality, in addition to storm water quantity, as part of its review of storm water management plans;
- The city must revise its Storm Water Ordinance to reflect the new permit requirements;
- The city must conduct a controlled experiment in the Lyons Creek Area to evaluate the effectiveness of certain storm water management practices;
- The city must implement and monitor Pollution Prevention Plans at Department of Public Works facilities; and,
- The city must improve implementation and enforcement of the Construction Site Erosion Control Ordinance.

These new requirements are intended to ensure that the city is effectively reducing the amount of pollutants entering storm water runoff or otherwise entering the storm sewer system.

Funding of Street Sweeping and Leaf Collection:

The 2002 budget transfers funding of street sweeping and leaf collection activities from the General Fund to the Sewer Fund. These activities will be managed and operated as they are currently, but will be funded through the Sewer Maintenance Fund. Total funding of \$4.4 million is provided for these activities. The DNR Storm Water Permit requires the city to implement these activities as part of its storm water management program. As such, they are part of the city's storm water management efforts and provide direct benefits to the storm sewer system. The fund has financed storm water management functions since its creation in 1998, making inclusion of these costs consistent with current funding policies. In addition, these activities help minimize the amount of debris that collects in catch basins and storm inlets.

Create Management and Accounting Officer Position:

The 2002 budget includes creation of one Management and Accounting Officer position, with salary funding of \$43,890. This will provide a dedicated position for financial management functions in the Sewer Maintenance Fund. Financial management of the fund has become more complex since the fund's creation, particularly relating to financial management and monitoring requirements as part of revenue borrowing, making the addition of this position necessary.

Transfer Sewer Maintenance Scheduler Position:

The Sewer Maintenance Scheduler position is transferred into the Sewer Maintenance Fund from the DPW-Infrastructure Services Division. This position performs various support functions for the Sewer Fund, making it appropriate to transfer position authority to the fund.

Reclassify Sewer Crew Leader Position:

The 2002 budget also recognizes the reclassification of the Sewer Crew Leader III position, pay range 252, to the new position of Sewer Repair Crew Leader, pay range 265. The new position title and salary was negotiated as part of the 2001-2002 labor agreement between the city and District Council 48, AFSCME, AFL-CIO. The new title and pay range more appropriately reflect the duties and responsibilities of these staff, who are now performing field work activities not covered by the Sewer Crew Leader III position.

CAPITAL IMPROVEMENTS

The 2000 budget transferred the Relief and Relay Sewer capital program from the city's capital improvement budget to the Sewer Maintenance Fund. This on-going maintenance component of the city's sewer capital program is partly cash-financed. The capital improvement budget still includes the expansion of capacity and developer-financed sewer programs, which are managed by the DPW-Infrastructure Services Division. The amount in new and existing sewer construction for 2002 is \$21.1 million, with \$17.4 million in the Sewer Maintenance Fund and \$3.7 million in the city's capital budget. See the Capital Improvements Section of the 2002

Plan and Budget Summary for more information on sewer capital programs.

Cash Financing of Sewer Relay Program: In order to realize long-term savings by avoiding unnecessarily high debt service costs, a portion of the Sewer Maintenance Relay Program is cash financed. Cash financing is appropriate because the program, while funded in the capital budget, is an ongoing maintenance and preservation program. It preserves the condition of the current infrastructure by annually replacing a portion of the sewer system. The 2002 budget cash finances 7.25%, or approximately \$1.3 million of the Sewer Maintenance Relay Program.

BUDGET SUMMARY

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
PERSONNEL				
FTEs - Operations and Maintenance	91.87	96.95	99.95	3.00
FTEs - Other	25.73	36.05	29.61	-6.44
Total Positions Authorized	190	191	193	2
DLH - Operations and Maintenance	165,357	174,510	178,110	3,600
DLH - Other Funds	46,307	60,290	53,290	-7,000
EXPENDITURES				
Salaries and Wages	\$4,256,032	\$3,846,717	\$4,735,645	\$888,928
Fringe Benefits	1,239,212	1,269,417	1,610,120	340,703
Operating Expenditures	5,429,571	7,921,065	8,908,247	987,182
Equipment	580,053	113,800	888,400	774,600
Special Funds	100,000	4,934,435	9,670,734	4,736,299
TOTAL	\$11,604,868	\$18,085,434	\$25,813,146	\$7,727,712
Capital Projects	<u>\$7,627,875</u>	<u>\$15,300,000</u>	<u>\$17,400,000</u>	<u>\$2,100,000</u>
TOTAL	\$19,232,743	\$33,385,434	\$43,213,146	\$9,827,712
REVENUES				
Charges for Services	\$100,034	\$100,000	\$716,035	\$616,035
Equipment Contribution	0	0	0	0
Plat and Plan Review	0	0	0	0
Retained Earnings	-2,607,300	0	0	0
Miscellaneous Revenue	717,058	730,000	0	-730,000
Proceeds from Borrowing	6,258,185	14,535,000	16,138,500	1,603,500
Sewer Maintenance Fee	14,764,766	18,020,434	26,358,611	8,338,177
TOTAL	\$19,232,743	\$33,385,434	\$43,213,146	\$9,827,712

CAPITAL PROJECTS - The Sewer Maintenance Fund includes \$17,400,000 in capital improvement expenses.

The city's capital budget includes an additional \$3,659,000 for the following sewer capital projects:

- Expansion of Capacity Sewer Program - \$3,159,000
- Developer Financed Sewers - \$500,000

DETAILED LISTING OF POSITION AND FULL-TIME EQUIVALENTS' CHANGES

Specific ADDITIONAL positions (or eliminations) and associated full-time equivalents (FTEs) as follows:

POSITIONS	FULL-TIME EQUIV.	POSITION TITLE	REASON
-7	-4.00	Sewer Crew Leader III (Operating Funding \$-134,935)	Position reclassified in 2001.
7	4.00	Sewer Repair Crew Leader (Operating Funding \$160,121)	
1	1.00	Management and Accounting Officer (Operating Funding \$43,890)	Position added to perform expanded financial management functions.
1	1.00	Sewer Maintenance Scheduler (Operating Funding \$38,103)	Transfer from the Infrastructure Services Division.
0	1.00	Miscellaneous Operating	Experience adjustment.
0	-6.44	Miscellaneous Non-Operating	
2	-3.44	TOTAL	

M. COUNTY DELINQUENT TAX FUND

EXECUTIVE SUMMARY

PURPOSE:	To provide appropriation authority to purchase Milwaukee County delinquent taxes.
STRATEGIC ISSUES:	Provide a funding mechanism to purchase delinquent county taxes without affecting the city's tax levy.
INITIATIVES FOR 2002:	Continue efforts to return tax delinquent properties to the tax rolls and increase future city revenue.

In accordance with State Statute 74.83, the City of Milwaukee is authorized to enter into an agreement with Milwaukee County to purchase county delinquent personal property taxes and real estate tax certificates. The initial agreement was executed on December 18, 1987.

The authority to collect county delinquent taxes enables the City Treasurer to consolidate the collection of delinquent taxes. Consolidation of the delinquent taxes provides more efficient and effective tax collection administration by eliminating the burden of duplicate collections by the city and county.

Upon collection of property taxes, the county receives their entire levied taxes, including interest and penalties. The city designates any delinquent county taxes as an account receivable. County delinquent taxes collected by the Treasurer are received along with any additional penalties or interest and are then paid to the county. These payments initially become city cash and the account receivable is reduced accordingly.

This account acts as a mechanism for the city to receive the county delinquent taxes. It is related to the other city delinquent tax efforts in the city debt budget and delinquent tax fund.

SUMMARY OF EXPENDITURES

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Delinquent County Taxes	\$0	\$5,650,000	\$5,650,000	\$0
TOTAL	\$0	\$5,650,000	\$5,650,000	\$0

SOURCE OF FUNDS

	2000 ACTUAL EXPENDITURES	2001 ADOPTED BUDGET	2002 ADOPTED BUDGET	CHANGE 2002 ADOPTED VERSUS 2001 ADOPTED
Purchase of County Delinquent Taxes	\$0	\$5,650,000	\$5,650,000	\$0
TOTAL	\$0	\$5,650,000	\$5,650,000	\$0

II. BORROWING AUTHORIZATIONS

GENERAL OBLIGATION BONDS OR SHORT-TERM NOTES

PURPOSE	Reauthorization of 2001 Authority (1)(2)	New 2002 Authority	Total
A. GRANT AND AID PROJECTS - Specific Purposes Not Contemplated at the Time the Budget was Adopted			
1. For Public Improvements authorized under Section 62.11(5) for any of the purposes enumerated in Section 67.05(5)(b)			
2. For Harbor Improvements authorized under Section 30.30			
3. For Library Improvements authorized under Section 229.11 and 229.17			
4. For Convention Complex and Exposition Center improvements authorized under Section 229.26			
5. For blight elimination, slum clearance, redevelopment, community development, and urban renewal projects under Section 66.405 to 66.425, 66.43, 66.431, 66.4325, 66.435, and 66.46			
6. For developing sites for industry and commerce to expand the tax base as authorized under Section 66.52 and 66.521.			
Grant and Aid Projects (3)	\$4,635,932	\$1,600,000	\$6,235,932
B. RENEWAL AND DEVELOPMENT PROJECTS			
1. For providing financial assistance to blight elimination, slum clearance, redevelopment, and urban renewal projects under Section 66.405 to 66.425, 66.43, 66.431, 66.4325, 66.435, and 66.46			
Renewal and Development Projects	\$3,592,000	\$2,700,000	\$6,292,000
MEDC Loan Program	0	0	0
C. PUBLIC IMPROVEMENTS			
1. Public Buildings for Housing Machinery and Equipment	\$5,181,399	\$23,335,835	\$28,517,234
2. Harbor Improvements	2,450,000	585,000	3,035,000
3. Parking Facility Improvement	0	822,000	822,000
4. Purchase of Sites for and Construction of Engine Houses, Fire Station Reconstruction, Remodeling, Planning, Design and Site Acquisition	3,589,900	1,180,000	4,769,900
5. Police Department Facility Construction	9,689,242	9,844,000	19,533,242
6. Bridge and Viaduct	3,679,970	1,971,000	5,650,970
7. Sewage Disposal - Sewer Improvement and Construction	7,924,000	2,750,000	10,674,000
8. Street Improvements - Street Improvement and Construction	15,386,200	15,359,504	30,745,704
9. Parks and Public Grounds	137,000	1,050,062	1,187,062
10. Library Improvements authorized under Section 229.11 and 229.17	2,475,000	3,415,000	5,890,000
Subtotal - General Obligation Bonds or Short-Term Notes (Sections A through C)	\$58,740,643	\$64,612,401	\$123,353,044
D. CONTINGENT BORROWING			
Borrowing for a public purpose not contemplated at the time the budget was adopted			
Contingent Borrowing	\$0	\$30,000,000	\$30,000,000
Subtotal - General Obligation Bonds or Short-Term Notes	\$0	\$30,000,000	\$30,000,000
E. SCHOOL BOARD BORROWING			
School Purposes (A) (B) (C) (D)	\$1,305,000	\$12,000,000	\$13,305,000
Subtotal - General Obligation Bonds or Short-Term Notes	\$1,305,000	\$12,000,000	\$13,305,000

PURPOSE	Reauthorization of 2001 Authority (1)(2)	New 2002 Authority	Total
F. BORROWING FOR SPECIAL ASSESSMENTS			
1. To finance public improvements in anticipation of special assessments levied against property			
2. General City	<u>\$16,599,821</u>	<u>\$4,936,093</u>	<u>\$21,535,914</u>
Subtotal - General Obligation Bonds or Local Improvements Bonds	\$16,599,821	\$4,936,093	\$21,535,914
G. TAX INCREMENTAL DISTRICTS			
1. For paying project costs in accordance with project plans for Tax Incremental Districts			
2. For providing financial assistance to urban renewal projects authorized under Section 66.405	<u>\$14,734,180</u>	<u>\$14,500,000</u>	<u>\$29,234,180</u>
Subtotal - General Obligation Bonds, Short-Term Notes, or Revenue Bonds	\$14,734,180	\$14,500,000	\$29,234,180
H. BORROWING FOR DELINQUENT TAXES			
To finance General City Purposes for anticipated delinquent taxes	<u>\$0</u>	<u>\$15,000,000</u>	<u>\$15,000,000</u>
Subtotal - General Obligation Bonds or Short-Term Notes	\$0	\$15,000,000	\$15,000,000
I. REVENUE ANTICIPATION BORROWING			
To borrow in anticipation of revenue in accordance with Section 67.12 (1a) of the Wisconsin State Statutes	<u>\$0</u>	<u>\$250,000,000</u>	<u>\$250,000,000</u>
Subtotal - General Obligation Bonds or Short-Term Notes	\$0	\$250,000,000	\$250,000,000
J. WATER WORKS BORROWING			
Water Works Mortgage Revenue Bonds or General Obligation Bonds	<u>\$14,300,000</u>	<u>\$0</u>	<u>\$14,300,000</u>
K. SEWER MAINTENANCE FUND BORROWING			
Sewer Maintenance Fund Revenue Bonds or General Obligation Bonds	<u>\$29,095,000</u>	<u>\$16,138,500</u>	<u>\$45,233,500</u>
TOTAL BORROWING AUTHORIZATION (Sections A through K)	\$134,774,644	\$407,186,994	\$541,961,638

(A) Design plans for any alteration to building exteriors and interiors shall be reviewed and approved by the city.

(B) 1999 borrowing authority includes \$15 million associated with an Intergovernmental Agreement between the city and MPS.

(C) 1999 borrowing authority includes \$2 million associated with an energy retrofit project for which MPS will reimburse the city for all debt service costs associated with the borrowing.

(D) It is the intent of the Common Council that no less than \$15 million in borrowing authority be allocated to the Milwaukee Tech project over the budget years 1999, 2000, and 2001.

(1) Reauthorization of prior unused borrowing authority:

It is the intent of such reauthorization to expressly authorize the issuance and sale of such obligations (either bonds or notes) as set forth in this borrowing section of the budget, for the purposes and amounts enumerated herein. Such carryover borrowing (reauthorization of prior unused borrowing authority) is also reflected in the capital budget for informational purposes, but such amounts are excluded from the capital budget totals to avoid duplication.

II. BORROWING AUTHORIZATIONS

PURPOSE	Reauthorization of 2001 Authority (1)(2)	New 2002 Authority	Total
(2) Bond authorizations included and approved by the Common Council in the preceding municipal budget and further approved by the adoption of a resolution of intent are herein continued and are deemed to be with the same force and effect as though they had been specifically enumerated, both as to purpose and amount in this municipal budget.			
(3) The purpose of this borrowing is to provide funds in connection with projects undertaken by the city with federal or other financial assistance. Expenditures shall be made only after adoption of a Common Council resolution adopted in accordance with Common Council Resolution File 66-1893, as amended.			

III. CLARIFICATION OF INTENT

Employee Fringe Benefits

Employee fringe benefit costs are allocated to operating and capital budgets on an estimated basis for informational purposes only. Such estimated expenditures are 100% appropriation offset for operating budgets and 100% revenue offset for the capital budget to avoid any impact on the city's tax levy. Actual fringe benefit costs, such as health care benefits, life insurance, and pensions, are budgeted separately in non-departmental accounts, which are funded from the property tax levy.

The amount included in each departmental (or budgetary control unit) operating budget on the line entitled "Estimated Employee Fringe Benefits" is subject to adjustment by unilateral action of the City Comptroller, during the budget year, if the actual rate charged against salaries paid is at variance with the estimated rate used in calculating the budgeted amount.

Changes to Performance Measures to Correct Possible Errors or Omissions

The Budget and Management Director is authorized to make or approve changes in performance measures including additions, deletions, and modifications during the budget year.

The City Comptroller shall reflect such performance measure changes that are approved by the Budget and Management Director in the establishment of the necessary accounts for reporting purposes.

Departmental Salary Appropriations

Department net salary and wage appropriations reflect current wage rates and expenditures are limited to these amounts. Funding of future salary increases from the Wages Supplement Fund will be restricted to wage settlements only. These transfers must be pre-approved by the Budget and Management Director.

Footnotes

Section 18-07-12 of the Milwaukee City Charter states that the adoption of the budget shall be the authority for the expenditure by a department for the purposes therein provided and of the amounts assigned to the department thereby and no further action by the Common Council shall be necessary to authorize any department to make such expenditures. The City Attorney has advised that footnotes contained in the line item budget are informational only and not controlling over expenditures.

POSITIONS ORDINANCE AND

SALARY ORDINANCE

The Positions Ordinance and the Salary Ordinance for the city may be obtained from the City Clerk's Office upon request. They therefore have not been included in this publication.

**AGENCIES AND FUNDS -
BUDGETS NOT UNDER THE CONTROL OF THE COMMON COUNCIL**

Pabst Theater..... 306

The following are presented with the Department of City Development Budget:

Housing Authority of the City of Milwaukee (HACM) 70

Redevelopment Authority of the City of Milwaukee (RACM) 71

Milwaukee Economic Development Corporation (MEDC) 72

The following is presented with the Department of Neighborhood Services Budget:

Neighborhood Improvement Development Corporation (NIDC) 153

PABST THEATER

BACKGROUND

The Pabst Theater, built in 1895, is a rare example of Victorian Baroque architecture. After over 100 years of operation, this city-owned historic building continues to operate as a community theater, advancing performing arts and enhancing the quality of cultural life in the City of Milwaukee. In 2000, 211 events were held at the theater with 133,700 people attending, an increase of 12% over 1999.

Most events at the Pabst Theater are produced by groups who rent the theater for performance space. When demand is low, the Pabst Theater intermittently presents its own shows. In 2000, the Pabst Theater presented 15 of its own shows, sponsoring events as diverse as the Capitol Steps, the Glenn Miller Orchestra, and the Trinity Irish Dance Company. The structure, maintenance, and operations of the Pabst Theater are governed by the 11-member Pabst Theater Board.

ACTIVITIES

Consolidation Efforts: In 1996, the Milwaukee County Commission for the 21st Century proposed consolidating the Pabst Theater with the Marcus Performing Arts Center to provide for better coordination and administrative efficiency. A 1998 county study of the War Memorial also recommended that the county pursue this as an option. The feasibility of consolidating these facilities is currently being explored. In May 2000, a new state statute was enacted that will allow the city to transfer the Pabst Theatre to another entity, if it is found to be feasible.

Pabst Theater Board Fund: The 2002 Pabst Theater operating budget totals \$675,750 and supports 13 positions. This is an increase of \$28,850 from the 2001 budget.

The Pabst Theater anticipates \$525,750 in revenues from rental of the theater, fees, and other income. This is an increase of \$28,850 from 2001 revenue estimates.

The City of Milwaukee supports community arts organizations by providing an annual

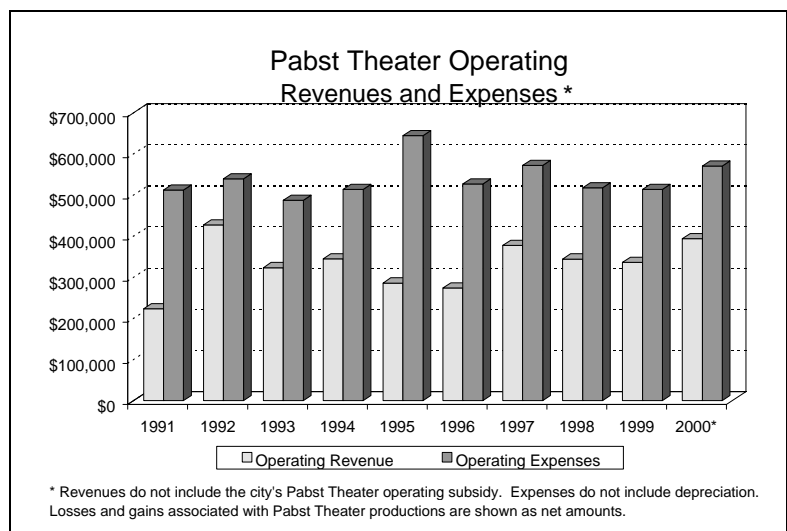
operating contribution to the Pabst Theater. Figure 1 shows that 2000 operating revenues and expenses increased over 1999 levels. The 2002 budget allocates \$150,000 to the Pabst Theater Board Fund special purpose account.

Pabst Theater Rent Fund: Milwaukee supports the enhancement of cultural life in the city also through a rent subsidy for local arts groups who cannot afford to rent the Pabst Theater. In 2002, \$10,000 is provided for these groups in the Pabst Theater Rent Fund.

CAPITAL IMPROVEMENT PROJECTS

The city also improves and maintains the historic Pabst Theater structure. The 2002 capital budget provides \$600,000 in borrowing authority to fund various infrastructure projects. The Pabst Theater Capital Campaign Committee is also undertaking a major fundraising effort to renovate the gallery, add elevators and extend the lobby. Initiated in 2000, the total project cost is estimated at \$9.3 million, with \$6 million in private contributions and \$3.3 million in city funding. Approximately \$8.4 million has been generated to date. Work on the renovation project is currently underway and should be completed in January, 2002.

Figure 1



TAX LEVY TO RATE CONVERSION TABLE

Assessed Value Used in Conversion Calculation: \$17,274,899,934

<u>Tax Rate Per \$1,000 of Assessed Valuation</u>	<u>Levy Change</u>	<u>Levy Change</u>	<u>Tax Rate Per \$1,000 of Assessed Valuation</u>
\$0.01	\$172,749	\$5,000	\$0.00
\$0.05	\$863,745	\$10,000	\$0.00
\$0.10	\$1,727,490	\$50,000	\$0.00
\$0.25	\$4,318,725	\$100,000	\$0.01
\$0.50	\$8,637,450	\$500,000	\$0.03
\$1.00	\$17,274,900	\$1,000,000	\$0.06

Formula for deriving tax rate per \$1,000 of assessed value from known assessed value and levy

$$\text{TAX RATE} = \frac{\text{TAX LEVY}}{\text{ASSESSED VALUE}/1,000}$$

Formula for deriving levy from known rate and assessed value:

$$\text{TAX LEVY} = \text{TAX RATE} \times (\text{ASSESSED VALUE} / 1,000)$$

Formula for deriving assessed value from known rate and levy:

$$\text{ASSESSED VALUE} = (\text{TAX LEVY} / \text{TAX RATE}) \times 1,000$$

NOTE: Results are approximate due to rounding.

BASIS OF BUDGETING

The city's budgetary policies generally conform to Generally Accepted Accounting Principles (GAAP) applicable to governmental units. The city's governmental funds (general, special revenue, debt service, capital projects) use the modified accrual basis. Under the modified accrual basis, revenues are recorded when both available and measurable. Certain fines and forfeitures, however, are recorded when received as they are not subject to accrual. Expenditures are recognized when the related liability is incurred. The

accrual basis of accounting is used for the city's proprietary funds (enterprise and internal service agencies). The city prepares financial statements annually in conformity with GAAP for governmental entities which are audited by an independent certified public accounting firm. The city's Comprehensive Annual Financial Report (CAFR) is generally available about four months after December 31. The city's most recent CAFR for the fiscal year ended December 31, 2000, was audited by the accounting firm KPMG Peat Marwick LLP, and is available for review.

UNRESERVED FUND BALANCE

The city utilizes two separate reserve funds. One reserve fund, the Tax Stabilization Fund (TSF) is associated with the general fund balance. The other reserve fund, the Public Debt Amortization Fund (PDAF), is related to the debt service fund. Each reserve fund was created via state statute and city ordinance and each is restricted in the manner in which funds are used. Table 1 shows the level of unreserved fund balances in each of the funds. There are additional funds in the city fund balance; however, these funds are reserved for other uses.

As Table 1 indicates, the PDAF withdrawal will fall by \$4 million, from \$11 million to \$7 million, to allow the fund to grow slightly. This amount represents the smallest PDAF withdrawal since 1987. The TSF sustainable withdrawal will increase by \$2.5 million to \$7.5. The \$7.5 million withdrawal will equal the amount that will regenerate in the TSF.

An additional \$3.5 million will be withdrawn that was made available in 2001 from the savings from the budget adjustment bill. This will cover debt service associated with borrowing for 2000 budget expenses.

As a part of this budget, a formal TSF policy will be adopted. The policy will require a

minimum TSF balance that is equal to 5% of the three-year average general fund expenditures. A withdraw that allows the balance to fall below the minimum will require actions in future years to replenish the amount in the TSF above the minimum. Other intended changes would set a mid-point and maximum TSF balance.

Table 1

Unreserved Fund Balance			
(In Thousands)			
TSF Unreserved Balance		PDAF Unsegregated Balance	
1999 Year End Balance	\$19,437	1999 Year End Balance	\$45,054
2001 Budget Withdraw	<u>5,500</u>	2001 Utilization	<u>11,000</u>
Subtotal	\$13,937	Subtotal	\$34,054
2000 Regeneration	<u>\$11,198</u>	2000 Earnings	<u>\$9,445</u>
Available for 2002 Purposes	\$25,135	Available for 2002 Purposes	\$43,499
2002 Withdraw*	\$7,500	2002 Utilization	\$7,000
Remaining Balance Prior		Remaining Balance Prior	
to 2000 Regeneration	\$17,635	to 2001 Earnings	\$36,499
Est. 2001 Regeneration	\$7,500	Est. 2001 Earnings	\$7,701
Est. Available for 2003	\$25,135	Est. Available for 2003	\$44,200
Total Unreserved TSF and Unsegregated PDAF Balance for 2002 Purposes		\$68,634	
Total Unreserved TSF and Unsegregated PDAF Balance Used in 2002		\$14,500	
Total Unreserved TSF and Unsegregated PDAF Balance Used in 2001		\$16,500	
Change in Reserves Used in 2002 Compared to 2001		\$-2,000	
Est Total Unreserved TSF and Unsegregated PDAF Balance for 2003 Purposes		\$69,335	
* Does not include \$12.2 million of one-time withdraws or unrecognized revenue.			

Glossary of Budget Items and Terms

Activity: A specific action or program component intended to support the achievement of a department or city objective.

Allocation Account: An informal disbursement of an appropriation account to the decision units of a budgetary control unit. Allocation accounts follow the object account structure of appropriation accounts, but are not formal disbursement of resources.

Amendment: The vehicle through which the budget proposed by the Mayor is altered by the Common Council.

Appropriation (or Control) Account: An appropriation account is a classification of city expenditure for which formal disbursement is authorized (appropriated) through the budget process. Expenditures within appropriation accounts cannot exceed authorized levels. Mid-year appropriation adjustments can occur through fund transfers authorized by either the Budget Office or the Finance and Personnel Committee or through supplemental appropriation from the Common Council Contingent Fund.

Assessed Value: An estimate of market worth set upon real estate or personal property by the City Assessor and the State Department of Revenue as a basis for levying taxes.

Budget Allocation: The amount of resources available for appropriation to a department based upon estimates of city obligations and revenues. Each year, the Mayor identifies specific budget allocations for each operating department. Departments are asked to formulate their budget requests based upon the Mayor's recommended level of funding.

Budgetary Control Unit (BCU): A major organizational unit of the city for which a series of appropriations are made. For example, an operating department is typically one BCU.

Capital Improvement Fund: The city's Capital Improvement Fund accounts for financial resources segregated for the acquisition, construction, and major repair and maintenance of the city's capital facilities (infrastructure and major assets).

Contingent Fund: The Contingent Fund accounts for resources segregated to pay for unexpected emergencies, and other purposes, that may arise during the year for which no or insufficient provision (appropriation) has been made elsewhere in the city's budget.

Debt Service Fund: The Debt Service Fund accounts for resources segregated to pay for principal and interest on obligations resulting from the issuance of bonds. The city typically issues general obligation bonds for the purpose of financing the cost of capital improvement projects.

Decision Unit (DU): A sub-unit of a budgetary control unit around which budgetary decisions are based. For example, the Health Department as one BCU has three decision units: Administration, Public Health Services, and the Laboratory.

Delinquent Tax Fund: The Delinquent Tax Fund was established as a reserve against uncollected delinquent property taxes.

Department Mission: A brief statement explaining generally the purpose and goal of the department in relation to the overall mission of the city.

Direct Labor Hours (DLH): Time spent by an employee at work excluding vacation, sick leave and other time paid but not worked.

Expenditure: The term designating the cost of goods delivered or services rendered whether paid or unpaid.

F.I.R.E.: A classification for reporting purposes encompassing the financial, insurance, and real estate sectors.

Fringe Benefit: Aid or payment provided to employees in addition to salary or wages. For City of Milwaukee purposes this includes pensions, health insurance, group life insurance, social security payments, and workers' compensation.

Full-Time Equivalent (FTE): A unit for measuring staffing levels, equal to one position working 40-hours per week for an entire year, less paid time not worked. The city uses 1,800 direct labor hours as the standard for one FTE.

Fund: An independent self-balancing fiscal entity with assets, liabilities, reserves, a residual balance or equity, and revenues and expenditures for undertaking activities.

General Obligation Borrowing: Borrowing that issues bonds secured by the issuer's full faith, credit, and taxing power to make timely payments of principal and interest. A general obligation bond is essentially a loan taken out by the city against the value of the taxable property in Milwaukee.

Governmental Accounting Standards Board (GASB) Statement #34: GASB establishes standards for state and local governmental accounting and financial reporting. Statement #34 establishes a new governmental accounting financial reporting model that must be implemented by the City of Milwaukee in 2002 for 2003 Financial Reporting. Although the new reporting model retains many features of the current public sector accounting and financial reporting model, there are several new features. The new features include: government-wide financial reporting (to provide a clear picture of the government as a single unified entity), additional long-term focus for governmental activities (including inflows, outflows, and balances of spendable financial resources), narrative overview and analysis (of the basic financial statements), information on major funds (to highlight those funds' activities), and expanded budgetary reporting (including comparison of the original budget to actual activities and elimination of aggregated budget presentations). This major change in financial reporting is intended to make financial statements more useful to specialized users, governmental officials and the general public.

General City Purposes Fund: The city's main operating and maintenance fund that is used to pay the city's basic services such as public health, safety, public works, and general administrative services.

Gross City Product (GCP): The value of final goods and services produced in the economy in a given time period (quarter or year), at the city level.

Gross Domestic Product (GDP): The value of final goods and services produced in the economy in a given time period (quarter or year). GDP is the basic measure of economic activity.

Information Account: An information account is a subdivision of the appropriation or major object account. Expenditures in an information account may exceed the amount allocated to the account as long as the sum of all information accounts does not exceed the aggregate amount of the appropriation account.

Internal Management Indicators (previously called Performance Measures): Identified program inputs and outputs that are tracked to help measure performance efficiency and workload.

Internal Service Agencies: Governmental organizations, departments, or divisions that, in competition with other vendors, provide services to other units within the government for fees that cover cost of operations.

Objective: Specific and measurable statement of expected results or impacts related to the overall department mission.

Organization Chart: The formal departmental reporting structure including information on personnel resource allocation and funding.

Outcome Indicator: A measurement of the specific results of a program or group of programs. An outcome indicator should provide a quantifiable measure of the city's success at meeting objectives and suggest which activities are working best.

Program: A set of resources and activities designed to achieve one or more common goals.

Program Result Measure: A quantifiable measure of the results a single program is intended to achieve, which provides a measure of the program's overall effectiveness.

Public Debt Amortization Fund (PDAF): One of the city's major reserve funds used to prepay a portion of the principal and interest on city debt due the following year. This fund may also be used to purchase city debt and subsequently invest or cancel such debt.

Revenue: The resources received by city government used to offset the cost of providing services.

Revenue Borrowing: Borrowing that issues bonds typically secured by revenue from a user fee or dedicated tax, rather than the general taxing power of the city.

Solid Waste Fund: The Solid Waste Fund was established to more appropriately charge for solid waste pick-up by eliminating the subsidy for commercial and manufacturing properties. This Fund is eliminated in the 2002 Proposed Budget.

Special Purpose Account: Accounts established in the budget for appropriations which are not included in departmental budgets. Special purpose accounts may include one-time appropriations and/or programs that involve numerous departments.

Special Revenue Funds: These funds account for revenues (other than the property tax) received that are designated for specific projects or purposes. Special revenue funds include the Water Works Fund, Parking Fund, Grant and Aid Fund, and the Sewer Maintenance Fund.

Strategic Issue Summary: Brief description of environmental factors affecting the city's future.

Strategy: A set of policies and actions designed to, in conjunction with other complementary strategies, assure that an organization achieves its mission.

Supplemented Funds: Funds financed primarily through property taxes, revenues, and withdrawals from reserves.

Tax Incremental District (TID): Special redevelopment districts allowed under state law. Tax increment financing is a mechanism for financing the cost of redevelopment and development using property tax revenue produced by growth in private investment within the project area.

Tax Levy: The amount of funding to be raised by general property taxes.

Tax Rate: The amount of tax charged for each \$1,000 of assessed valuation.

Tax Stabilization Fund (TSF): A reserve fund used to accumulate unexpended appropriations and revenue surpluses. Expenditures from this fund can only be used to offset the property tax levy.

T.C.P.U.: An economic indicator of activity on the transportation, communications, and public utilities sectors.